FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Ø No. 30,403 Tuesday December 1 1987 D 8523 A

Why cows may soon be made to measure, Page 9

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World News

US aid to Haiti cut after poll is cancelled

The US cut off virtually all economic and military aid to Haiti following street violence which resulted in the cancellation of what would have been the first free presidential election in 30 years.

A White House official said suspension of the aid was intended to show that Washington was "fed up with the interim government" in Haiti. Page 20

Waldheim will testify

President Kurt Waldheim of Austria is prepared to appear before an international commission of historians investigating his alleged involvement in Nazi war crimes during the Second World War, an Austrian spokesman said. Britain revealed it had conducted three investigations into Mr Waldheim's alleged Nazi past, but said it had found nothing to back up such allegations.

Ozal wins big majority

Turkey's Prime Minister Turgut Ozal won more than 290 seats in the 450-member parliament, giving him an overall majority of 66 seats. Page 3

Iraq criticises Soviets

Iraq sharply criticised the Soviet Union, its ally and main arms supplier, for being slow to back possible UN sanctions against Iran. Page 20; Arab unity hopes, Page 4

UK angry with France

Britain asked for details of the French Government's decision to release an Iranian terrorist suspect amid ill-concealed annoyance in London that Paris appeared to have broken the European Community's anti-terrorist front. Page 20

EC farm impasse

EC foreign ministers abandoned their efforts to negotiate reforms of Community budget and farm policies in advance of this week's summit meeting in Copenhagen. Page 20

Asean trims summit

Members of the Association of South-East Asian nations, worried about security in the Philippines, trimmed 2½ days off the programme for their forthcoming regional summit.

Queensland crisis

Queensland's leadership crisis deepened when Sir Joh Bjelke-Petersen, 76, unexpectedly persisted in his refusal to step down. Page 4

Pakistan killings

At least six people died in gun-battles and two bombs exploded as Pakistanis voted for local councillors in the first nationwide elections since the end of martial law in 1985.

Willoch withdraws

Norway announced that former Prime Minister Kaare Willoch had withdrawn his candidature for the post of Nato secretary-general, clearing the way for West German Defence Minister Manfred Woerner. Page 3

Kabul gun battle

Afghan leader Najibullah was confirmed as President at a grand assembly shaken by the deaths of 11 people killed in a gun battle between security officials and a former guerrilla leader.

Record Degas sale

A Degas painting called "Laundry Maids" was sold for a record £7.48m ($13.39m) at a London auction.

Alaska earthquake

An earthquake measuring 7.5 on the open-ended Richter scale rocked Alaska and an alert for large waves was issued along 2,000 miles of coast stretching to southern California.

Chinese births fear

Alarming statistical estimates by UN officials showed China's population reaching the 2bn mark by the year 2000. Page 4

Business Summary

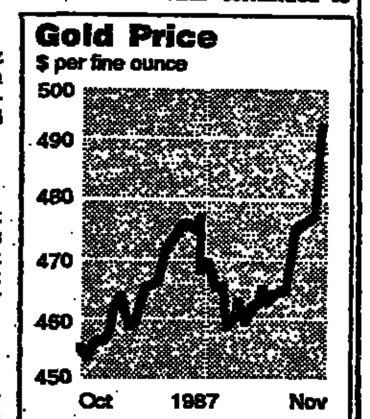
Brazil to seek 'clear advance' in debt talks

BRAZIL is to seek "a very clear advance" on the foreign debt refinancing terms achieved by Mexico and Argentina when it begins negotiations on a new long-term loan and debt rescheduling with commercial bank creditors in New York, according to Mr Luiz Carlos Bresser Pereira, the Brazilian Finance Minister.

In particular, it will be seeking to capitalise interest payments - adding them on to debt principal - above a fixed interest rate which it wants to negotiate. Page 6

MERCK, US chemicals and pharmaceuticals company, has divested from South Africa and sold MSD, its wholly owned local arm, to Barlow Rand, the industrial and mining group. Page 21

GOLD rose in London to its highest price since February 1983 as the dollar continued to fall in value. The metal gained $14.125 in active trading to close at $492.625 a fine ounce. Commodities, Page 34



WALL STREET: The Dow Jones industrial average closed down 76.93 at 1,833.55. Page 48

LONDON: The dollar's renewed weakness gave equities their worst day since the week of Black Monday in October. The FT-SE 100 index closed down 71.7 at 1,579.9. Details Page 42

TOKYO: The sharp rise of the yen against the dollar depressed stocks to leave the Nikkei average down 271.15 at 22,344.28. Page 48

DOLLAR closed in New York at DM1.63925, FFr5.5805, SFr1.3435 and Y132.2750. It closed in London at DM1.637; FFr5.566; SFr1.343 and Y132.25. Page 35

STERLING closed in New York at $1.8270. It closed in London at $1.7945; DM1.64; FFr5.58 and Y132.45. Page 35

ISRAELI BUDGET: The forthcoming general election dominates the shape of the government's Shl 49bn ($31bn) budget proposals for 1988-89, presented to the Cabinet and seeking cuts of Shl 755m ($482m) in subsidies and government expenditure.

PRIMERICA, former American Can which is being transformed by Mr Gerald Tsai into a wholly financial services business, yesterday announced the sale of its Current stationery subsidiary for proceeds of some $150m. Page 21

NEC of Japan, world's largest semiconductor group, has taken the lead in the race to launch the first four megabit chip, a semiconductor memory device four times as powerful as anything else currently on the market. Page 21

BANK of Nova Scotia, Canada's fourth-largest chartered bank, has reported a final loss of C$312m (US$240m) for the year ended October 31, after making heavy provisions against doubtful Third-World loans. Page 21

TOKYO GAS, largest gas utility in Japan, saw pre-tax profits plunge to Y13.7bn ($102.5m) in the six months to September, down 51 per cent. Page 24

PARIBAS, recently privatised French banking group, has revised downwards earlier forecasts of a sharp rise in net profits this year as a result of the recent stock market collapse. Page 22

TOKYO offshore market, set up a year ago saw total assets grow 6.9 per cent in October from the previous month to $223.4bn. Page 25

Polish Government receives referendum setback

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH AUTHORITIES have failed to win the majority they needed in Sunday's national referendum to make a proposed programme of economic change and cautious political liberalisation legally binding.

Nevertheless, Mr Jerzy Urban, the government spokesman, announcing the results yesterday evening, said that more than two-thirds of those voting had come out in favour of the reforms.

This signals that the authorities intend to continue with their economic programme, although in a modified form, and will almost certainly tone down price rises planned for next year.

In any event, this is the first time in since the war that the Polish authorities have failed to get the result they wanted

Solidarity, the banned trades union movement, had recommended its supporters to boycott the referendum, while the Catholic Church had remained conspicuously neutral.

Mr Jozef Pinior, a Solidarity member, told a Reuters correspondent: "Society is mature enough not to support changes without basic political freedoms and human rights. The results were influenced by the whole seven-year period since Solidarity's emergence".

Last night the union said it was surprised that the authorities had published such results. Poles were asked to answer "yes" or "no" to two questions - whether they wanted radical economic reforms and, secondly, more democracy.

Of the 27m entitled to vote, 67 per cent took part in the secret ballot and 66 per cent of those voting said "yes" to the economic question and 69 per cent to the political query.

This result, however, fails to make the ballot binding on the Government because the referendum law states that half of those entitled to vote have to opt for one or other alternative for the result to become effective.

This unique provision was made out of fear that the referendum, which was introduced only recently as a democratising move, might at some time be used by the opposition to impose a defeat on the authorities.

Out of those eligible to vote, a mere 44 per cent approved the economic proposal, while 46 per cent favoured more democracy.

This result means that the authorities are merely obliged to use the referendum as an indicator of the popularity of their programme.

On Saturday, the Government, led by Mr Zbigniew Messner, will present its revised policy to the Sejm (parliament).

A Communist Party Central Committee meeting is also planned for the near future and this can be expected, at the very least, to criticise the official propaganda policy which preceded the ballot. Changes in the party leadership are also expected.

However, Gen Wojciech Jaruzelski, the Communist Party leader, has at least found public confirmation that the planned steep price rises were causing widespread anxiety and he has acquired an alibi for not going ahead with them.

Jaruzelski: price rise anxiety confirmed

Plunging dollar sends shares sharply lower in Europe and US

BY SIMON HOLBERTON IN LONDON AND ANATOLE KALETSKY IN NEW YORK

THE DOLLAR plunged to historic lows on world currency markets yesterday, triggering sharp falls in major equity markets and hastening a flight to short-term money market securities.

Share prices in Europe and the US fell sharply in a day dominated by the dollar. Modest intervention by the Bank of Japan and the Bundesbank did little to arrest the slide, while comments by the White House that there was no change in US policy towards the dollar were brushed aside.

On Wall Street, equity prices collapsed across the board yesterday morning, in a rout which was ominously reminiscent of the stockmarket crash of mid-October.

The Dow Jones industrial average closed down 76.93 at 1,833.55.

The selling pressure became overwhelming from the moment the market opened, as institutional investors, returning to their desks after the four-day Thanksgiving holiday, responded to the collapsing dollar and the growing cynicism about the budget accord in Washington.

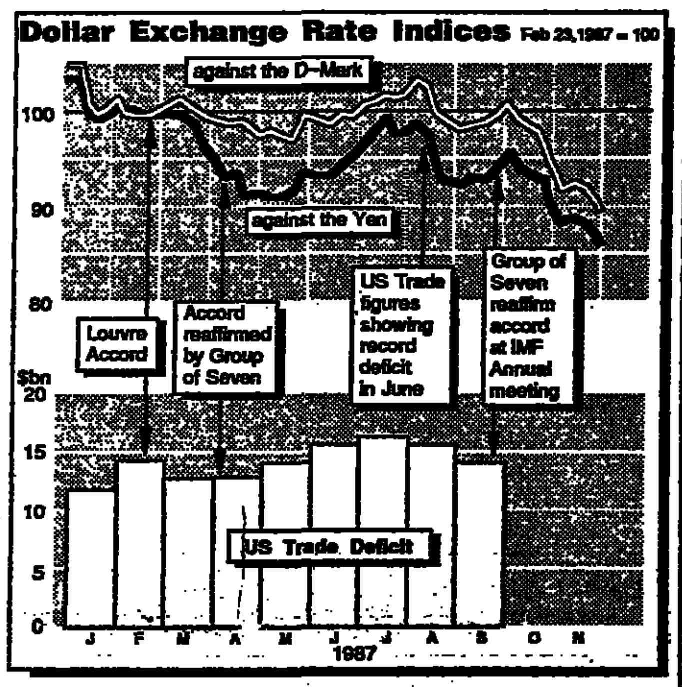
After a fall of more than 50 points within the first half hour of trading, the Dow Jones Industrial Average continued to move steadily downwards in heavy trading, as institutions and speculators took profits or cut their losses, fearing a repetition of last month's carnage.

By early afternoon the Dow had fallen 109.75 points, to 1,800.73, on a volume of more than 200m shares, before recovering slightly amid signs that US investors were switching to short-dated US Treasury securities.

Yields on three-month Treasuries were down from 5.62 per cent on Friday to 5.28 per cent by mid-session.

On the Continent, the value of companies quoted on the Frankfurt stock exchange was alomst 3 per cent lower, while share prices in Zurich were 3 per cent lower and in Paris they were 2.6 per cent lower.

Even in Tokyo, which has shown the most resilience of all major equity markets to the events of October, there were signs of a weakening of confidence.



The share price of Nippon Telegraph and Telephone, which has been well supported by the big Japanese securities houses, slipped below its Y2.55m ($19,000) offer price to close at Y2.49m. The Nikkei stock average tumbled 365.45 to close at 22,686.78.

In London, the UK's top 100 companies lost more than 4 per cent of their value. The FT-SE 100 share index closed 71.7 lower at 1,579.9. The FT Ordinary Index closed 57.3 lower at 1250.9.

Analysts in London said equity prices fell on quite modest turnover, the majority of which was conducted between market-makers.

Yesterday's fall was not a result of mass-selling leading to big falls in share prices but a lack of buying by major City of London institutions. The institutions are thought to be staying on the sidelines while the rebuild their cash reserves.

But with market-makers quoting lower prices, some analysts said there was a problem that in their desire to create turnover, all they would do is force prices lower and this would keep the institutions out of the market.

"What is needed is four weeks of stability in prices to encourage the institutions to buy once again," one said.

In foreign exchange markets speculation is centring on the Bundesbank and whether or not it will cut its discount rate on Thursday after its governing board meets and the degree of fiscal stimulation the Federal authorities will agree.

But analysts and dealers said there seemed to be little reason to buy the dollar at present. They said the market had lost confidence in the US Administration's ability to tackle the problems associated with the budget and current account deficits.

Continued on Page 20

Gorbachev hints at further arms initiative

BY PATRICK COCKBURN IN MOSCOW

MR MIKHAIL GORBACHEV, the Soviet leader, yesterday hinted at a new Soviet initiative on strategic weapons when he meets President Ronald Reagan in Washington at next week's summit.

In an hour-long interview with the NBC television network of the US Mr Gorbachev said there were a number of steps the Soviet Union could take, some of which it had already taken, "to meet the American position halfway."

As expected, the Soviet leader condemned Mr Reagan's Star Wars Strategic Defence Initiative (SDI) programme. But he took care to say that those parts of SDI not contrary to the anti-ballistic missile treaty of 1972 could go ahead. This suggests that Moscow believes that in Washington it may be able to get an agreement on 50 per cent strategic weapons cuts.

During the wide ranging interview Mr Gorbachev did not depart radically from known Soviet positions on Afghanistan, human rights or arms reduction.

The future of strategic nuclear weapons "constitutes the very core of Soviet-American relations." He added that the Soviet Union believed it was possible "to do a lot of work with this administration."

On Afghanistan Mr Gorbachev defended the original Soviet intervention, saying Moscow had been asked at least 11 times to intervene by the government in Kabul before it did so.

He would not say how long it would take for the 115,000 Soviet troops to be withdrawn, adding: "We can talk with the President about that."

Mr Gorbachev defended restrictions on emigration from the Soviet Union by saying the country needed to defend itself from a brain drain organised by the US. This is a somewhat different tack to previous Soviet defences on limitations on the right to leave the country.

He said the Soviet Union would never expect a situation where its people were being exhorted to leave by foreign powers or where they held state secrets.

He defended the *perestroika* reform programme and the sacking on November 11 of Mr Boris Yeltsin, the radical Moscow party leader, saying

"Yeltsin himself posed the question of him being relieved of his post. He raised the question, so please trust us to resolve that question."

Asked about his own life and his wife Raisa, the Soviet leader said he discussed everything with his wife but would not be drawn further. Earlier yesterday, Mr Gennadi Gerasimov, the official Soviet spokesman, had angrily denied reports that Mr Yeltsin had directly attacked Mrs Gorbachev in the speech to the central committee on October 21 which led to his resignation.

Mr Gorbachev said he had received 80,000 letters from Americans but his interview yesterday gives the impression that he is keen to keep the agenda of the summit firmly on strategic arms and strengthening the anti-ballistic missiles treaty.

The Soviet side has been nervous that it will obtain a treaty abolishing medium range missiles and create a beneficent atmosphere but without making progress on strategic arms cuts. In October Mr Gorbachev showed himself willing to call off the whole summit in order to get progress in talks on strategic weapons.

Yasuda takes stake in Wall St investment bank

By Anatole Kaletsky in New York

PAINEWEBBER, the prominent US investment bank which is one of the few medium-sized Wall Street houses to have remained independent of any corporate parent, is selling up to 25 per cent of its equity to Yasuda Mutual Life of Japan for an initial payment of $300m.

PaineWebber's move, under negotiation since the summer, appears to have no connection with any immediate capital needs arising out of the stock market crash in October. Indeed, Mr Donald Marron, chairman, said yesterday that PaineWebber intended to continue "expanding cautiously" and increasing its staff numbers over the next two years.

Nevertheless, yesterday's announcement is bound to increase the competitive pressure on other Wall Street firms to strengthen their capital bases. It could also accelerate the trend towards consolidation throughout the US investment banking business.

E.F. Hutton, another medium-sized broker, which resembles PaineWebber in having a very large retail operation, put itself up for sale a week ago, while the smaller L.F. Rothschild is also rumoured to be looking for buyers or substantial investors.

Bear Stearns, a big institutionally-oriented securities house, agreed last month to sell a large equity stake to Jardine Strategic Holdings, although the deal fell through in the aftermath of the stock market crash.

In the PaineWebber deal, Yasuda, the fifth largest life insurer in Japan, will pay $300m for a new convertible preferred stock, gaining an 18 per cent voting interest in the Wall Street business. In addition, it will get warrants and conversion options which could bring its stake up to 25 per cent.

The conversion formula provides for a variable price, but Yasuda's 25 per cent stake would ultimately cost at least $29 a share. The deal will increase PaineWebber's equity by 38 per cent to $1.1bn and its total capital by 26 per cent to $1.45bn.

PaineWebber's shares fell $2⅛ to $16½ yesterday morning, in part reflecting a big generalised fall on Wall Street, though also indicating some disenchantment on the part of speculators who had hoped to see a full takeover bid for PaineWebber, following the E.F. Hutton sale.

Unlike Hutton, however, PaineWebber is not believed to have suffered any crippling losses as a result of the October crash. The company's management has generally been well regarded by analysts and its attempts to expand in institutional investment bank-

Continued on Page 20
Lex, Page 20

French and British investors cold-shoulder Channel Tunnel

BY RICHARD TOMKINS IN LONDON

EUROTUNNEL, the Anglo-French group building the Channel Tunnel, yesterday abandoned hope that its £770m share sale would be fully subscribed on either side of the English Channel.

Its UK advisers announced that just over 20 per cent of the shares offered in Britain had been left unsold. They said all this stock would pass to the UK sub-underwriters.

The statement that unwanted UK stock will not be transferred to France is an implicit acknowledgement that the French offer is undersubscribed, apparently by the same amount. The company's French advisers have still not produced figures for the response on the other side of the Channel.

This means that UK institutional investors who sub-underwrote the issue will be called into play for the second time in a matter of weeks. At the beginning of November, they took severe losses on the underwriting of the £7.5bn British Petroleum issue.

Sources in Paris estimate that about 50 per cent of French shares may have been subscribed by private investors, about 30 per cent by institutional investors, and that the remaining 20 per cent will be left with the sub-underwriters.

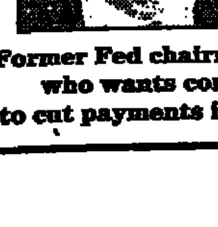
In the UK, a total of 101m Eurotunnel units (each comprising one UK share and one French share) were offered at 350p each. Of these, some 42m were pre-placed with institutional investors. Of the rest, a total of 112,000 valid applications were received for just under 39m units - an average of 345 units per application.

Eurotunnel and its advisers attribute the under-subscription to the stock market crash and a lower average size of application than had been expected. Mr Alastair Morton, Eurotunnel's UK co-chairman, said he was extremely pleased by the response in the circumstances.

The UK underwriters' losses are likely to be small compared with those they faced on the BP issue. The amount of stock they are taking up is valued at £71m at the offer price.

Letters of allocation go out on December 9 and dealings begin next day.

CONTENTS



LESSONS OF THE STOCK MARKET COLLAPSE

Former Fed chairman Paul Volcker, who wants concerted action to cut payments imbalance, Page 2

US troop level in Europe defended

THE NUMBER of US troops committed to Europe should not be reduced, even if congressional budget cuts force a reduction in the size of the military, the US Defence Secretary, Mr Frank Carlucci said yesterday, AP reports from Brussels.

Mr Carlucci, who arrived for a meeting of Nato defence ministers, said his approach would undoubtedly spark political debate in the US.

Cuts to the Pentagon budget "are going to hurt us substantially," he told reporters as he flew to his first Nato meeting since assuming his post.

"As we begin to look at such things as force structure, there's going to be a big political debate in the United States over 'Is Nato doing enough; how can you take down the force structure in the US when you are not taking it down in Europe?'" he said.

"But I think we have to be true to the principle of forward deployment, because there's never been a period that's been more critical in Nato's history," he added.

The scheduled signing next month of an arms accord with the Soviet Union to eliminate medium-range nuclear weapons has raised fears that the US is abandoning Europe, Mr Carlucci said.

"You have to demonstrate that we are still there, that those who think this is the beginning of decoupling are just plain wrong," he said. "I think we can continue to maintain our commitments to Nato."

Mr Carlucci, who replaced Mr Caspar Weinberger last week after serving as President Ronald Reagan's National Security Adviser, predicted that his Nato counterparts would adopt a resolution this week backing the new arms accord.

He also expected the ministers to reinforce earlier commitments to improve the alliance's conventional strength. Because of budgetary problems facing all Nato nations, "we're going to have to be more creative" in strengthening conventional forces, Mr Carlucci said.

Nato must do a better job of co-operating in the development of conventional arms and explore new ideas such as "terrain-enhancements" - using the natural terrain to defensive advantage, he said. Also, some countries with relatively strong economies, such as West Germany, may need to do more toward the common defence, he said.

CALL FOR CONCERTED ACTION TO REDUCE PAYMENTS IMBALANCES

Volcker spells out lesson of stock markets collapse

BY PETER MONTAGNON AND WILLIAM DULLFORCE IN GENEVA

RECENT sharp falls on world stock markets provide a clear warning of the urgent need for concerted international action to reduce payments imbalances, Mr Paul Volcker, the former chairman of the US Federal Reserve Board, said yesterday.

"The alternative is potentially abrupt and disruptive market reactions that would greatly increase the risks of recession or inflation and probably undermine the chances for constructive trade negotiations," he said in a speech to mark the 40th anniversary of the General Agreements on Tariffs and Trade.

Mr Volcker, who described himself as "a kind of monetary has-been" was careful to avoid direct comment on the current US budget-cutting exercise, couching his prescription in more general terms.

The adjustment effort should involve "convincing and sustained budgetary discipline in the US and offsetting or (given the sluggish outlook for global economic activity) more than offsetting domestic stimulus in countries with large surpluses".

Commenting for the first time since the stock market crash on February's Louvre accord on currency rates, he said its critics had ignored the broad need to give exchange rate stability more prominence in economic policy-making.

The health and vitality of an open international trading order depended on the willingness of governments of large trading countries to reach "realistic collective judgments" about broadly appropriate levels of exchange rates, Mr Volcker said. However, those judgments would in turn have to influence the design of domestic policies, if they were to be meaningful and durable.

Mr Paul Volcker: warning Washington against further depreciation of the US dollar

Mr Volcker acknowledged the political constraints facing governments in this respect, but, in an implicit warning to the Reagan Administration against reliance on further dollar depreciation, he continued: "I insist that we cannot count on floating exchange rates to smooth over all the difficulties."

Trade restrictions were not the reason for the emergence of the large current account imbalances betwen the US, Europe and Japan in the 1980s. But, unless the underlying economic problems were dealt with quickly, Gatt's trade-liberalising Uruguay Round would be threatened and there could be a risk of monterary, economic and trade bilateralism, he said.

The persistent US trade deficit had triggered a more aggressive and threatening posture by the US towards trade issues. The world would have to accept that US negotiators would be unwilling and unable to offer concessions not visibly and fully matched by other countries, Mr Volcker said.

There was a good deal of political support in the US for the idea of closing access to parts of its market, in order to extract bargaining advantages.

Mr Volcker stressed that the world trading system was at risk when the leading economic power was not equipped, "economically or politically", to take the initiative in opening markets.

The logic of the situation was clear, Mr Volcker said. Other countries in a particularly strong trade and current account position should take a more forceful lead.

Le Pen's bluff called in Marseilles

By Ian Davidson in Paris

THE centre-right parties in France's governing coalition heaved a collective sigh of relief after their candidate carried off the weekend victory in the cantonal by-election in Marseilles.

Not merely did Mr Robert Assante defeat the Socialist challenge in this second round run-off, he also succesfully called the bluff of Mr Jean-Marie Le Pen, leader of the extreme right-wing National Front party.

In the first round of voting the previous Sunday, the Front candidate came third with more than 18 per cent of the vote, behind the Centrist (36 per cent) and the Socialist (28 per cent): clearly a conservative victory in the run-off was going to require significant support from National Front voters.

But after Mr Francois Leotard, leader of the Republican Party and a member of the cabinet, had threatened to ostracise any member of his party who contracted an alliance with the Front, Mr Le Pen called on his followers not to vote for Mr Assante.

The results of Sunday's vote showed that most of the Front voters preferred to disobey Mr Le Pen's instructions, rather than let in a Socialist. Mr Assante won by 52 per cent against the Socialist's 47 per cent, on a poll up from 40 to 48 per cent.

Diplomats strike

Italian diplomats around the world staged their first strike yesterday, **Reuter reports from Rome.** Ambassadors, ministers and consuls abroad stayed away from their desks in 24-hour protest against implementation of a promotion law.

Fears voiced for Greek economic outlook

BY ANDRIANA IERODIACONOU IN ATHENS

"THE WORST blow has been dealt to the climate of confidence in the Greek economy. The economic spring we had begun to experience since last May is irrevocably over," a Bank of Greece official said grimly at the end of last week. The Bank was commenting on the surprise overturning of the Government's economic stabilisation policy for 1988, by the Prime Minister, Mr Andreas Papandreou.

His retraction last Wednesday of the incomes policy for next year, designed to act as the anti-inflationary linchpin of next year's stabilisation efforts, led to the immediate resignation of Mr Costas Simitis, the Economy Minister. He was identified closely with a programme to reduce inflation and domestic and external deficits launched by the Socialist Government at the end of 1985, which the authorities had promised to continue in 1988.

As a result of a failure of confidence, central bank officials, businessmen and economists predicted a falling-off of recently revived private investment interest, a reversal of the trend towards increased private capital inflows, and a deterioration of the country's foreign borrowing position. In a first sign of nervousness, the Athens Stock Exchange, which has undergone a dramatic revival in recent months, suffered a general share index plunge of 11.9 per cent last Thursday and a further 7.4 per cent on Friday.

The index recovered by 4.6 per cent yesterday amid reports that the Government was considering revoking a controversial tax on profits in the 1988 budget. The reports were denied later in the day by the Economy Ministry.

The immediate fears are that a relaxation of incomes policy will once again plunge Greece into a wage-inflation spiral, increasing the public sector and current account deficits. Between 1985 and 1987, under the stabilisation programme, Greece succeeded in reducing inflation from 26 per cent to 16 per cent, the net public sector borrowing requirement from 18 per cent of gross domestic product to 14 per cent, and the current account deficit from \$3.3bn to \$1.2bn.

"Unless policy is once again reversed, we will very quickly find ourselves back where we were in 1985, only this time without the margins for turning the situation around that we had then," one observer said. In 1985, with foreign banks signalling their reluctance to lend, Greece secured an Ecu 1.75bn(£1.2bn) EC balance of payments support loan on the strength of a stringent package of stabilisation measures. Such help is unlikely to be forthcoming a second time.

Government shuffle planned in Hungary

BY LESLIE COLITT IN BUDAPEST

HUNGARY is to merge its foreign trade and domestic trade ministries as part of a wider government reorganisation later this month.

A new Ministry of Health and Welfare, resembling that in several Western countries, is to be created and the Ministry of Industry is to receive wider powers which until now belonged to the National Planning Office.

Senior government personnel changes have also to be announced at a two-day meeting of the Hungarian Parliament which will begin on December 16.

The reshuffle has been expected since last September when Mr Karoly Grosz, who took office as Prime Minister last July, announced a stringent austerity programme and economic reform measures to cure the nation's economic ills. He has favoured a greater separation of government and Communist party authority in economic matters. The session of Parliament will be preceded by a meeting of the central committee of the party on December 8, dealing with the economy and personnel changes.

Mr Tibor Antalpeter, director general of the Foreign Trade Ministry, said the merger with the Domestic Trade Ministry was logical as they were highly interdependent. The new superministry would oversee "supply and demand" in both sectors. It was unclear whether the Foreign Trade Minister, Mr Peter Veress, would head the combined ministry.

Hungarian foreign trade with the West showed a considerable improvement this year and Mr Veress said recently that next year the authorisation for companies wanting to trade in hard currency would be greatly simplified.

Hungarians, meanwhile, continued to engage in a massive buying spree in advance of the introduction of a value added tax on January 1. Department stores said they were having trouble keeping up with demand for refrigerators and stoves which are among the durable consumer goods set to rise in price. Building materials are virtually impossible to obtain as they are to go up by 17.5 per cent in price.

Soviet arms doubt

A Soviet government poll of 500 Muscovites shows that 85 per cent are doubtful of the US Administration's interest in making progress on arms control, **Reuter reports.** The Soviet Academy of Sciences selected participants. The Soviet media have been giving broad coverage of official US comments expressing uncertainty whether the medium-range missiles accord will win Senate ratification.

Hopes for troop cut talks ride on summit

BY JUDY DEMPSEY IN VIENNA

THE NATO and Warsaw Pact countries which are holding informal talks in Vienna to look at new ways at reducing conventional weapons in Europe hope that the summit between Mr Mikhail Gorbachev and President Ronald Reagan will help resolve the crucial issues which separate the two sides.

Western diplomats attending the informal "conventional stability talks" which started here in February say that a number of important differences have to be resolved before a new conventional arms forum can get off the ground.

These include whether tactical nuclear weapons should be included in a new forum for reducing conventional arms.

Nato, in its draft proposals presented in July stressed that the talks must be strictly focused on conventional weapons. The Warsaw Pact, in its draft plan tabled in June continues to insist that the forum should include tactical nuclear weapons.

Other differences divide both sides. For the past six meetings, Nato and the Warsaw Pact have discussed the "objectives" of the forum. Nato wants the negotiations to "strengthen stability and security in Europe" through a number of measures.

These include the establishment of a stable and secure balance of conventional forces at lower levels, the removal of disparities prejudicial to stability and security, as well as the elimination of the capability for launching surprise attacks and initiating large-scale offensives.

The 16 members of Nato regard "reductions" as a means to achieving these objectives. Until recently, the Warsaw Pact regarded reductions as "an end". Western diplomats attending the meetings now say that the Pact is slowly accepting the Nato proposal on the role of reductions.

"We disagree over on the precise nature meaning of these reductions," a Western diplomat commented. The Warsaw Pact wants mutual and substantial reductions and is also unwilling, for the moment at least, to discuss regional imbalances.

The informal talks, which are taking place within the framework of the Vienna follow-up meeting on the Conference on Security and Co-operation in Europe will go into recess on December 18 and will resume in the new year.

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West Germany may lower discount rate

BY HAIG SIMONIAN IN FRANKFURT AND DAVID MARSH IN BONN

EXPECTATIONS of a cut later this week in West Germany's discount rate from 3 per cent rose substantially in Frankfurt and Bonn yesterday as the US dollar fell to a record low against the D-Mark.

The dollar was fixed at DM1.6354, convincing many dealers that the Bundesbank would be obliged to cut the discount rate at its next policy-making council meeting on Thursday.

West German shares also took a further plunge on currency considerations and falls in other markets, notably Japan. The FAZ equity index fell 13.14 to 431.28, with leading exporters hardest hit.

"It will be very hard for the bank to resist pressure for a reduction if the dollar continues to fall this week," said one dealer, echoing widespread market sentiment.

There are also strong technical reasons for a cut, according to monetary officials. The gap between the discount rate and that for securities repurchase agreements, which are increasingly being used to steer short-term interest rates, has now narrowed to just 0.25 per cent following the reduction in repurchase rates to 3.25 per cent last week.

A cut would also be a significant signal showing the Bundesbank's willingness to co-operate with other central banks, they argue. The continuing fall in the dollar has also weakened the hand of those opposing a reduction on inflationary grounds.

Many dealers think the Bundesbank will wait until the very last moment to see how the currency markets develop this week before making up its mind. "If the dollar recovers to above DM1.65 the bank will not act," says one observer. "On the other hand, if it goes down to DM1.60, it will be under very heavy pressure."

A reduction of ¼ per cent is being widely predicted, with some forecasting a bigger cut. "If the dollar goes down to DM1.61-2 we expect a cut of ½ per cent," said one bond dealer.

However, some think the central bank may try to keep its powder dry and avoid a third strong interest rate signal after the cut in securities repurchase agreement rates last week and in the Lombard rate in early November. The bank may try to wait for a big G7 meeting later this month or early next year. Otherwise it won't have anything left to offer."

The Bundesbank has also been coming under pressure from leading West German bankers to take action to stimulate the economy and in the interests of economic co-operation, as well as from officials in Bonn. But even some monetary officials doubt that a discount rate cut will greatly effect the economy or the exchange rate and they see it more as a psychological symbol.

● Mr Franz Josef Strauss, leader of the Bavarian Christian Social Union and a senior politician in the Bonn coalition, confirmed yesterday the Government was planning a programme to boost investments by offering cheap loans, Reuter reports.

He told a business seminar the Government would probably announce "a fairly large programme of investments through subsidised loans from the Reconstruction Loan Corp."

Fiat alleges defamation in Financial Times story

ITALY'S FIAT group yesterday lodged a formal complaint of criminal "defamation" against the *Financial Times* and its Milan correspondent, Mr Alan Friedman, with the Public Prosecutor's Office in Turin.

The complaint refers to parts of an article entitled "Telit saga offers a glimpse of the Byzantine world of politics", which appeared in the November 11 edition of the Financial Times.

Fiat challenges the article's account of a conversation between Mr Gianni Agnelli, the group's president, and Mr Ciriaco de Mita, the secretary of the Christian Democratic Party. As reported in the article, Fiat denies the conversation took place and yesterday reserved the right to "furnish all necessary evidence for a charge of libel through the press".

EC still split over liberalising insurance

By William Dawkins in Brussels

EUROPEAN Community Governments yesterday agreed to dismantle seven barriers to free trade between member states but remained split on ambitious plans to liberalise non-life insurance.

While EC Foreign Ministers made scant progress on solving the Community's budget crisis, a separate meeting of their colleagues dealing with trade and industry just a corridor away were busy taking - albeit modest - steps towards creating a free internal market. They included three measures for streamlining procedures for clearing goods through customs, common labelling for dangerous substances, EC specifications for farm and forestry tractors and lower sound levels for lawnmowers.

The Ministerial session also agreed to extend the Commission's powers to vet new national technical regulations to include pharmaceuticals, food and cosmetics. The measure allows Brussels to block regulations likely to hamper free trade in those sectors.

Yesterday's agreements, some of which need to be cleared by the European Parliament, bring to 74 the number of internal market steps adopted by member states from the Commission's 300-point plan for the creation of a genuine single market by 1992. However, EC governments still have to agree 120 out of the 194 internal market proposals so far tabled by the Commission - and those include the most controversial and divisive measures in the plan.

Accordingly, yesterday's session made no progress on the most important point on its agenda, a plan to give providers of non-life insurance free access to other member states. It would allow insurers in one country to do business in another member state without having to set up an office there. Denmark, current President of the Council of Ministers, was hoping to win enough agreement to get the measure pushed through under the West German Presidency early next year.

That must now be open to doubt, despite the pleas of Lord Cockfield, Commissioner responsible for the internal market. "It is not our business to protect insurance companies. It is now time that they face the colkd wind of competition," he told the meeting.

Ozal wins large majority on fewer votes

BY DAVID BARCHARD IN ANKARA

TURKEY'S Prime Minister, Mr Turgut Ozal, has won more than 290 seats in the 450-member parliament, giving him an overall majority of 66 seats, and is on course for another four or five years in office after Sunday's general election.

His victory was largely the result of the "double barrier" electoral system he introduced last year. His actual share of the popular vote fell from 45 per cent in 1983 to 36 per cent.

Despite this, Mr Ozal's Motherland Party took two thirds of the seats in parliament, placing it nearly 200 ahead of the second largest party, the social democracy Populist Party which took 24.7 per cent of the votes.

The task of forming an administration is likely to last until well into January, Mr Ozal said yesterday.

He said that he would be flying to the US today for a long overdue medical check-up after a heart by-pass operation last February. A large number of routine decisions will have to be taken in his absence. These include hefty price increases for most government goods and services which have been held down for months because of the election.

Mr Ozal hinted that he might try to win over some deputies from the two opposition parties to give him the 300 seats necessary to amend the constitution without a referendum.

He said that he expected the True Path party of Mr Suleyman Demirel to follow the pattern set by the military-inspired parties of 1983, which quickly disintegrated amid defections.

Opposition leaders denounced the electoral system yesterday which eliminated all the smaller parties and relegated the two main opposition parties with nearly half the national vote to relative impotence with less than a third of the seats in Parliament. The size of Mr Ozal's majority means that the opposition will have virtually no influence and Parliament will play a mainly formal role.

A former Prime Minister, Mr Bulent Ecevit, who failed to win a seat, said yesterday that he and his wife would leave active politics. His Democratic Leftist party polled 8.5 per cent of the votes, badly splitting the social democratic movement in Turkey and helping the Motherland Party which would otherwise have been only a few percentage points ahead of the centre-left.

If the electoral system continues unmodified, it will probably eliminate all the small extremist parties from the political scene and lead to the establishment of a strong, albeit unrepresentative, two-party system. It should also mean that the days of unstable coalitions in Turkey are over, a fact which businessmen will welcome heartily.

Way clear for German Nato chief

BY DAVID BUCHAN IN LONDON AND KAREN FOSSLI IN OSLO

THE WAY is now clear for Mr Manfred Woerner to become the first German secretary general of the North Atlantic Treaty Organisation next summer, following the decision yesterday by Mr Kaare Willoch, a former Norwegian Prime Minister, to withdraw his candidacy for the top alliance post.

Mr Woerner, the 53-year-old Bonn Defence Minister, is the only other declared candidate for the job. His appointment to succeed Lord Carrington next June is expected to be approved at a regular Nato foreign ministers meeting on December 11.

Nato's secretary general has always been a European, as a counterpoint to Nato's top military commander who is always a US general.

Mr Woerner's expected appointment to the post reflects wide recognition that West Germany makes the biggest European contribution to the alliance by providing its largest contingent of troops in central Europe and playing host to the forces of six other allies.

In a letter withdrawing his candidacy, Mr Willoch acknowledged this, saying that several Nato members were putting "decisive emphasis on the significance of the candidate's own country, and on that country's contribution".

Kohl position on arms talks softens

By Laura Raun in Amsterdam

MR HELMUT KOHL, the West German Chancellor, yesterday indicated a softening in Bonn's isolated position that the next round of disarmament talks after the forthcoming Washington summit should focus on tactical nuclear missiles.

During his first ever official visit to the Netherlands, Mr Kohl said arms reduction talks should turn to intercontinental missiles and then chemical weapons, conventional forces and short-range nuclear missiles after the INF treaty is signed in Washington next week.

But he did not insist that missiles with a range shorter than 500km must take priority over conventional and chemical weapons as Bonn has said in the past.

The West Germans have expressed greater concern than other European allies, including the Dutch, over very short-range missiles because West Germany is geographically closest to the Warsaw Pact's missiles.

The West German Foreign Ministry has been the most vocal in urging abolishment of the tactical missiles while the Defence Ministry has expressed a desire to keep them.

Mr Kohl's one-day working visit to The Hague yesterday was the first time that a German Chancellor has paid an official visit to the Netherlands in five and a half years and only the second time in 23 years.

The two neighbours conduct most of their close relations at the civil servant and European Community levels, according to diplomats, but many people admit privately that anti-German sentiment has lingered longer in the Netherlands than in many European countries.

Chancellor Kohl confirmed that his government is considering fresh measures to foster a favourable investment climate but he gave no details.

Bonn is believed to be considering new measures to promote business investment in an effort to appease critics who say the West Germans should do more to stimulate their economy.

Flanked by Mr Ruud Lubbers, the Dutch Prime Minister, the Chancellor sought to convey the impression that Bonn and The Hague see eye to eye on most issues.

He admitted, however, that the two close trading partners disagree over agricultural reform

Go-ahead for EC merger controls

BY WILLIAM DAWKINS IN BRUSSELS

THE EUROPEAN Commission last night won the go-ahead from EC member states to press ahead with controversial proposals for a Community-wide merger control regulation.

The decision is a victory, though an incomplete one, for Mr Peter Sutherland, the Commissioner in charge of competition. He had threatened to take case-by-case legal action against potentially anti-competitive cross border mergers if he did not get the green light for a general regulation by yesterday.

Last night's agreement means that threat is withdrawn, along with all the legal uncertainties it held for larger takeovers. National competition experts and their Commission counterparts will start work updating a long-stalled draft merger control regulation in the new year, with the aim of getting it agreed in the first half of 1988. It will be backed by West Germany, which, as the next President of the Council of Ministers, will have scope to give the measure powerful political support.

Mr Sutherland's victory was only partial because two member states, Britain and France, refused to give their outright support to the scheme, promising instead not to fight it.

"They were not in any way hostile. The only conclusion one can reach is one of reasonable satisfaction," said Mr Sutherland. All other EC Governments pledged their support to the principle that cross border mergers should be subject to EC anti-trust rules, though Italy called for a distinction between takeovers by industrially diverse conglomerates and companies building strong presences in individual sectors.

Mr Francis Maude, the UK parliamentary under secretary of state for corporate affairs, told the meeting he hoped to take the debate further, but that the UK could not support it in principle, a view shared by Mr Bernard Bosson, the French European Affairs Minister. The regulation has been bogged down in technical debate since being proposed by the Brussels in 1973, but is now being pushed hard by the Commission as a key component of building an internal market.

W German steel cuts spark row

By David Marsh in Bonn

A POLITICAL row is brewing over fresh West German steel production cuts threatening several thousand jobs in Ruhr, the country's industrial heartland.

IG Metall, the giant metalworkers' union, has launched protest action to prevent the closure, announced last Thursday, of the Krupp steel company's Rheinhausen steel plant near Duisburg. The plant currently employs around 5,000 people, of whom an estimated 3,000 could lose their jobs.

About 10,000 steelworkers and local inhabitants yesterday took part in a protest meeting at Rheinhausen. At the same time, politicians in Bonn and the North Rhine Westphalia state capital, Dusseldorf, increased efforts to ease social hardship likely to result from the closure.

Expressing the Bonn Government's irritation over the plan, Mr Norbert Bluem, the Labour Minister yesterday called on the steel industry to provide new jobs for workers threatened by the cutbacks.

Mr Johannes Rau, Prime Minister of North Rhine Westphalia, also urged the steel companies to find alternative employment for Rheinhausen workers. As Germany's most heavily industrialised state, North Rhine Westphalia has been hard hit by the progressive reduction of coalmining and steelmaking in the area.

The announcement came in reaction to the EC Commission's plans formally to lift most steel production quotas next summer. The West German steel industry believes the move will increase its exposure to subsidised competition from abroad.

Andrew Gowers finds Iraq cautious on a possible shift in Syrian support for Iran

Hopes for rebirth of Arab unity premature

SINCE LAST month's extraordinary summit meeting of Arab leaders in Amman, the question of whether Syria is changing sides in the Gulf War and reconsidering its key strategic alliance with Iran against Iraq has reverberated around the Middle East.

The summit in the Jordanian capital provided the first public sign of reconciliation between President Hafez al-Assad of Syria and President Saddam Hussein of Iraq, bitter foes of eight years' standing. King Hussein of Jordan proclaimed it a "new birth" for Arab unity and Jordanian officials have since been predicting an imminent resumption of diplomatic relations between Damascus and Baghdad.

If that were to occur, it would be a development of no small significance in the tortuous politics of the Arab world. It would enable the Arabs at last to present a united front against Iran, combat the almost pathological factionalism among their leaders and perhaps help them to deal more coherently with other issues confronting them - notably Israel and the Palestinians.

It would have important implications for Lebanon, where Syria has tolerated Iran's sponsorship of extreme Shia groups such as Hizbollah (the Party of God).

It might also have a healthy impact on Syria's crisis-ridden economy, which badly needs an infusion of cash from the wealthy Gulf states, and ease some of the tension within both Syria and Iraq, each of which has attempted periodically to destabilise the other.

Yet now that the summit euphoria has died down, so too have the expectations. King Hussein, who has worked tirelessly this year to bring the two Arab rivals together, has made another weary pilgrimage to Damascus and is due once again in Baghdad this week.

Meanwhile, the Syrians have been busily pouring cold water on predictions of an imminent move away from support for Iran. And in Iraq, which feels its existence as an independent state to be under threat as a result of the alliance between its two powerful neighbours, hopes of a fundamental shift in the Syrians' position are limited.

The summit, said Mr Tariq Aziz, Iraq's urbane Foreign Minister in a meeting with British journalists on Sunday night, "opened a possibility for a reasonable discussion" with Syria since Mr Assad was no longer insisting that the Syrian alliance with Iran was vital for Syria or the Arab world. But Mr Aziz played down some of the more extravagant claims made as a result.

"The Jordanians can be more optimistic. This is the nature of the host. He has to take the best picture of what happened," Mr Aziz said. "Experience has taught us to be more cautious."

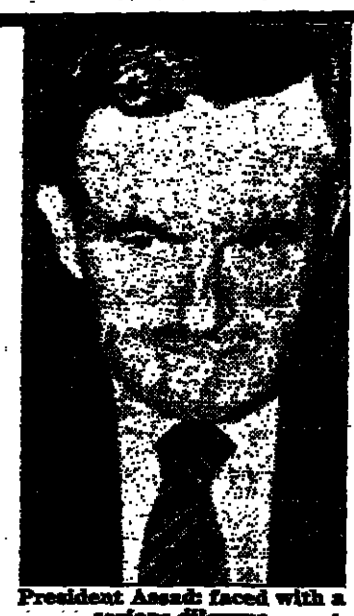
He recalled the long enmity between the two countries and the issues dividing them - including Syria's "interference" in Lebanon and its "hegemonic" attitude to the Palestinians - as well as its alliance with Iran.

Every time some kind of normalisation between Damascus and Baghdad had been proposed, he said, Syria had responded by referring to the age old rivalry between the Syrian and Iraqi ruling parties and reviving the failed 1970s plan for union between the two countries, an idea the Iraqis now scoff at. "We were supposed to choose between marriage and fratricide," said one Foreign Ministry official in Baghdad.

Mr Aziz also indicated that rumours the Gulf states had already rewarded President Assad's show of flexibility in Amman with a huge cash injecion were premature. What was agreed, he said, was that some of the Gulf states would make bilateral payments by instalments - depending on continued Syrian "good behaviour" towards Iraq.

The question is whether that will continue. Both sides have in the past few weeks muted the vicious propaganda campaigns they have customarily waged against each other. But as Mr Aziz says, that was all that was agreed in Amman, beyond the understanding that Syria just might be prepared to change its attitude to Iraq. Anything more, it seems will depend on King Hussein's laborious mediation efforts.

The Iraqis acknowledge that progress, if it can be achieved at all, is going to take a long time.



President Assad: faced with a serious dilemma

They recognise that Mr Assad has shown unprecedented flexibility, but that he now has a serious dillemma.

On the one hand, scrapping his alliance with Iran would rob him of what he feels to be his unique position of leverage with (and financial extortion from) both Arabs and Iranians and might cause him severe difficulties in Lebanon.

On the other, the Amman summit will have left him in no doubt that if he continues on his present course, he risks being almost totally isolated within the Arab world at a time when powerful Egypt is gradually returning to the fold.

"If they (the Syrians) want a gradual change, that's up to them," said Mr Aziz. "But it must be genuine."

Iran decides to take part in UN talks on Gulf war ceasefire

By Joan Wucher King

AFTER A period of uncertainty, Iran has decided to send Mr Mohammed Larijani, the Deputy Foreign Minister, to New York this week for UN talks on a Gulf war ceasefire. The move is regarded as an attempt to forestall US calls for an arms embargo under the terms of UN Security Council Resolution 598. The resolution, passed in July, provides for sanctions against any country rejecting its call for a ceasefire in the seven-year Gulf war.

Mr Larijani will meet Mr Perez de Cuellar, UN Secretary General, tomorrow. Mr Perez de Cuellar will then meet separately Mr Tariq Aziz, the Iraqi Foreign Minister. These talks come as the naval war in the Gulf has worsened, and amid rumours of an Iranian offensive on the southern front.

Despite four months of efforts by the UN Secretary-General no progress has been made in getting Iran to accept Resolution 598 in terms acceptable to Baghdad. In a visit last week to Tokyo, Mr Ali Akbar Velayati, the Iranian Foreign Minister, repeated Iran's basic demand, that Iraqi blame for the war be recognised before Tehran agrees to a ceasefire.

Giving the impression of preparedness to discuss terms at the UN is seen as a way for Tehran to avoid the charge that peace efforts have irretrievably broken down. While the resolution does not set a time limit for imposing sanctions, the lack of agreement so far strengthens US efforts to secure Soviet support for an arms embargo against Iran at next week's superpower summit in Washington.

Moscow has so far resisted embargo calls from Western members of the Security Council. However, Tehran is aware that Moscow will come under pressure in Washington to impose sanctions in the absence of further progress in peace moves.

Mr Felix Fedotov, the Soviet Union's ambassador to the United Arab Emirates, said yesterday that his country would support an arms embargo if it believed "no hope" existed to implement Resolution 598.

N Korea poised to take softer line with South

BY MAGGIE FORD IN SEOUL

IT IS emerging that Communist North Korea may be preparing to take a more conciliatory line towards the South after the presidential election there this month. Such a change could prepare the way for an agreement on the holding of the Olympic Games in Seoul next year.

Prominent South Koreans have recently received letters from North Korean bodies outlining a possible basis for progress, and a foreign specialist in Korean affairs has recently returned to Seoul from a visit to Pyongyang with news of an apparent change of view.

Neutral observers have confirmed the North Korean view that progress towards peaceful co-existence is possible after the December 16 election. They say that the North has laid down three conditions:

- That the new Government must not be "splittist" (that is, dedicated to the continuation of the division between the two sides).
- That it must not take a dogmatic anti-communist stance.
- It must have the peaceful reunification of the peninsula as a primary goal.

Mr Selig Harrison, a US academic and former foreign correspondent, spoke to senior North Korean officials including Mr Li Gun Mo, the Prime Minister, in Pyongyang last month. He has reported that the North's hopes of reunifying the peninsula under Communist rule have now been abandoned, mainly because of economic pressures.

Further negotiations over the Olympic Games, in which Pyongyang wants to take part as co-host, have been postponed until after the election. The North has proposed that the two countries should field a unified team. The International Olympic Committee has offered North Korea the opportunity to hold five events, an offer which Pyongyang has only provisionally accepted.

Observers report that substantial sports facilities are being built in the North, including large stadiums suitable for holding events such as the opening or closing ceremonies.

South Korean officials have cautioned against "sweet words" from Pyongyang, pointing out that there had been similar conciliatory gestures from the North last time the South seemed to be heading towards democracy in 1979. The present Government headed by President Chun Doo Hwan took over in a military coup late that year.

Singapore to change way MPs are elected

BY ROGER MATTHEWS IN SINGAPORE

THE SINGAPORE constitution is to be amended to allow for up to half the country's MPs to be elected in groups of three. The others will still be chosen under the present single-member constituencies, it was announced in parliament yesterday.

The proposed changes to Singapore's Westminster-style democracy, which have aroused controversy within the ruling People's Action Party and among opposition groups, are designed to ensure parliamentary representation for the country's racial minorities.

Mr Chiam See Tong, the solitary opposition MP, has said that the main motive behind the change is to snuff out challenges to the PAP's dominance. Although the PAP won all but two of the 79 seats at the last general election in 1984, its confidence was shaken by a 12 per cent fall in its share of the popular vote.

Some members of the PAP have argued against the amendments on the grounds that a "freak" constituency could allow the election of three opposition MPs rather than just one.

The Government is also studying proposals for an elected presidency which would retain veto powers over the spending of the country's reserves. This could provide the vehicle for Mr Lee Kuan Yew, who has been Prime Minister since independence, to hand over most of government to a younger generation.

Under the amendments put before parliament yesterday up to 39 MPs would be chosen by 13 enlarged constituencies.

Sir Joh still refuses to quit as premier

By Chris Sherwell in Sydney

QUEENSLAND'S dramatic leadership crisis deepened yesterday when 76-year-old Sir Joh Bjelke-Petersen unexpectedly persisted in his refusal to step down as premier.

Unless he shifts today, the maverick premier's confrontation with his ruling National Party is now likely to be decided through a specially-reconvened session of the State Parliament tomorrow.

Failing an outcome there, it would probably take action by the Governor, Sir Walter Campbell, to resolve the issue.

Expectations had risen over the weekend that Sir Joh, having lost the leadership of his parliamentary National Party, would resign or retire rather than face a confidence vote in the assembly.

But at a cabinet meeting yesterday he gave no hint of standing aside.

Kaunda calls for aid over African debt

By Our Foreign Staff

PRESIDENT Kenneth Kaunda of Zambia yesterday opened a conference on Africa's $200bn external debt with an appeal for "massive assistance" from industrialised countries to help the continent develop its economy and service its foreign loans.

Mr Kaunda, chairman of the Organisation of African Unity (OAU), which is organising the two-day meeting in the Ethiopian capital of Addis Ababa, said that Africa wanted to honour its debts.

But he went on to warn: "There is no way in which we will be able to simultaneously bring about orderly growth in our economies and service our debts without massive assistance, mainly from the industrialised countries."

A draft paper which has been circulated to delegates recommends rescheduling Africa's debt over 50 years, with a 10-year grace period and no interest payments. It also calls for a joint conference of African countries and their creditors next year.

UN fears Chinese population boom

BY COLINA MACDOUGALL

ALARMING statistical estimates made by officials of the UN Fund for Population Activities in Peking show China's population reaching the 2bn mark by the year 2030. This figure is 500m higher than the apparent Chinese expectation of around 1.5bn in the same year. It raises extremely grave questions of China's ability, or even the world's, to feed such a vast number.

While UNFPA officials stress that this figure is a simple projection of the present population growth rate of 1.48 per cent of the mid-1987 total of 1.07bn, numerous factors such as the growing regional disregard for China's restrictive one-child family policy and the failure rate of Chinese-made contraceptives suggest it may not be wide of the mark.

China's State Family Planning Commission officials will not be drawn on post-2000 targets but the 1.5bn figure for the year 2030 is based on their declared aim of stabilising the population over 50 years. This aim requires a decreasing rate of growth up to the year 2037, and would lead to a population figure of around 1.53bn from 2036 onwards.

Chinese officials are also beginning to acknowledge tacitly that the target for the year 2000 can no longer be held at 1.2bn, saying only that it will be "around" that figure. UNFPA projections for that year are 1.26bn at their estimated decreasing growth rate and as much as 1.29bn at the 1987 growth rate.

The 1987 growth rate was established by a 1 per cent sample survey held on July 1 this year. This figure is much higher than the annual average of 1.24 per cent over the past five years. The rapid increase is due to the recent changes in demographic and economic structure.

The 1986 figure for couples guaranteeing to have only one child, as Chinese policy insists, was only 15.2 per cent of the total eligible. Thirteen of China's provinces now permit a large number of exceptions to the one-child rule, and in any case the growing affluence of peasant families means they happily pay fines imposed for exceeding the one-child rule, to increase the household labour force.

Forty per cent of China's women in the reproductive age group use the IUD contraceptive, but China's IUDs have a huge failure rate. No Chinese contraceptive works efficiently, and Chinese-made contraceptive pills have variations in dose of up to 30 per cent which makes them almost ineffective. "None of our contraceptives are any good," family planning officials in Central China's Jiangxi Province, told the Financial Times.

AMERICAN NEWS

Brazil seeks debt talks 'advance'

By David Gardner in Acapulco

BRAZIL will be seeking "a very clear advance" on the foreign debt refinancing terms achieved by Mexico and Argentina when it begins negotiations on a new long-term loan and debt rescheduling with commercial bank creditors in New York today, according to Mr Luiz Carlos Bresser Pereira, the Brazilian Finance Minister.

In particular it will be seeking to capitalise interest payments - adding them on to debt principal - above a fixed interest rate which it wants to negotiate. Brazil also wants a sharply reduced margin above money market rates, he told the FT before leaving the Latin American summit in Acapulco at the weekend.

The new talks follow Brazil's agreement with leading bank creditors on an interim financing which is designed to end the country's nine-month old interest payments moratorium. The short-term loan has yet to be fully committed by the banks.

"They (Mexico and Argentina) are not happy with their deals so why should we imitate them," Mr Bresser said

Brazil will be seeking a lower spread on its new money than the 13/16 of a percentage point secured by Mexico in October last year or than the 7/8 offered to Brazil in the $4.5bn interim financing. The Brazilian starting point will be to have no margin at all.

Mr Bresser said Brazil also regards as essential, an agreement whereby interest above an agreed rate would automatically be capitalised. This would in effect fix the interest rate of the new money.

Brazil, which has a foreign debt of $113bn, the largest in the developing world, will continue to seek the conversion of a substantial portion of its $68bn debt to banks into long term bonds, at lower and fixed rates of interest, Mr Bresser said

The Finance Minister was also insistent that Brazil would not accept any linkage of its commercial bank refinancing with an International Monetary Fund deal. This has been one of its main differences with its creditors.

"They are just financing interest payments, not projects, therefore there's no reason for this type of linkage," Mr Bresser argued.

Reagan to address fears on SDI

BY STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan was expected yesterday to reassert his commitment to the Strategic Defence Initiative (SDI). He has been facing growing concern on the right of the Republican Party about the threat to the space defences programme from progress on strategic arms control talks with the Soviet Union.

At the beginning of a week of public relations activity by the White House designed to shape the arms control debate and present the President as a leader in control of events, Mr Reagan was due to address members of the conservative Heritage Foundation, a Washington think tank.

Mr Mikhail Gorbachev, the Soviet leader who arrives in Washington next week for his first visit to the US, was also scheduled to begin his own public relations offensive in the US yesterday. He has given an exclusive interview to NBC television which was to be aired last night.

The signing of the agreement reached last week on the elimination of medium-range missiles will be the ceremonial focus of the summit in Washington next week. However, tantalising hints that progress has been made on negotiations to reduce strategic weapons have intensified fears among conservative critics of the arms control negotiations that Mr Reagan could agree to modify the SDI programme.

If negotiations were to move quickly, some form of strategic arms accord could be on the agenda for a summit in Moscow next year.

Mr Marlin Fitzwater, the White House spokesman, yesterday sidestepped questions about a report that the Joint Chiefs of Staff had concluded that the SDI programme would not be adversely affected by a compromise which would limit the range of permissible testing of SDI components.

Some arms control experts in Washington are suggesting that the military would not be averse to seeing the SDI programme restricted if this would make more money available for traditional defence programmes.

A Newsweek public opinion poll published yesterday found overwhelming support for an accord limiting long-range nuclear weapons and strong opposition to either of the superpowers putting weapons in outer space.

David Gardner reports on a summit of Latin American leaders

Acapulco sparks a sense of unity

"DEBT provides the great motor of integration," President Alan Garcia of Peru remarked here at the conclusion on Sunday of an historic exercise in Latin American unity, until now a rather windy, rhetorical affair.

He was speaking at the first summit of Latin American leaders ever to be held outside the confines of the US-dominated Organisation of American States (OAS), attended by the presidents of Brazil, Mexico, Argentina, Peru, Venezuela, Colombia, Uruguay, and Panama, constituted last December in Rio de Janeiro as the Group of Eight. This group itself grew out of those countries promoting the Contadora peace initiative for Central America.

Thus, the roots of the new Group of Eight were political and different from the 11-nation Cartagena Group which sought to deal solely with the debt crisis - and at a lower level than heads of state. The catalyst for Latin American efforts to craft a more united profile in international affairs has been the need to find a defensive strategy, both against the depredations of the nearly $400bn foreign debt burden and against US policy in Central America.

There was a sentiment in Acapulco that if Latin America gets paid market prices for its oil, copper, and silver, its grains, beef and coffee, then the banks should get market price for their lendings. The decision collectively to negotiate a reduction in debt service to reflect the real market value of the debt was the main outcome of the summit.

BANKERS had expected the summit to produce a show of solidarity on the debt question and they found little in the communique to cause immediate alarm,Alex Nicoll writes. While the growing level of consultation among increasingly frustrated debtors is clear, bankers feel it is unlikely that Latin countries will in fact attempt to negotiate debt arrangements in concert.

The principal reason for this doubt is the wide variation between individual countries' economic performances. Debtors have previously produced rhetoric about concerted action but have preferred to negotiate individually because they are unwilling to be tarred with the same brush as their fellows.

Individual borrowers' standing with, and importance to, their creditors also differs considerably. Of the two largest debtors, for example, Brazil still has a long way to go before reaching a new agreement with creditors while Mexico has a deal in place and has strong foreign exchange reserves.

The point on which bankers take issue with the summit participants most strongly is on methods of valuing debt. Bankers argue that the secondary market which trades Third World loans is extremely small, and the discounts to face value at which debt trades is completely unrepresentative of the debt's true value.

It further underlined the exasperation of Latin America with the US leadership - an exasperation emphasised by holding the meeting outside the structure of the OAS. The leaders also feel Washington is blind to the vulnerability of democracy in the region, especially in those countries which have emerged from military rule in the past five years.

President Raul Alfonsin of Argentina caustically referred to US and other western governments' human rights activity as "post mortem policies, because they always come into effect after the death of democracy, since there haven't been the indispensable economic solidarity before hand".

However, the eight presidents were concerned to underline that their newfound unity of purpose was for Latin America, not against anyone.

This marks a new maturity and a realisation that they, too, have a responsibility for solving their own problems and cannot simply blame external circumstance. The eight stressed that it is not their intention to replace the OAS, but to strengthen it

Several passages in the Acapulco Pact adopted by the summit reflected irritation as well as concern about US economic policy after the stock market crash.

"The economic crisis undermines democracy in the region because it neutralises the legitimate efforts of our peoples to improve their living standards," Clause 12 says, adding: "It is contradictory that the same people who call for democracy also impose, in world economic relations, conditionality and adjustment schemes that compromise that very democracy, and which they themselves do not apply in correcting their own imbalances."

Another warning was sounded by Mr Enrique Iglesias, the Uruguayan Foreign Minister and former chief of the UN Economic Commission on Latin American. "There is going to be an (US) adjustment and that adjustment could be dramatic for us. All our refinancing schemes ultimately depend on policy made north of here."

On the plus side, ministers at the summit argued, the future of Central America was no longer being decided entirely from "the north" as a result of efforts by the countries attending. The Contadora initiative had the merit of holding the door open for peace long enough for the Central American leaders to come through with their own peace plan in Guatemala this August.

The summit took a conciliatory view towards Cuba and both President Sarney of Brazil and President de la Madrid of Mexico said that they intend to push for this Communist country to be readmitted into the OAS.

Deborah Hargreaves on Chicago's city politics

Councillors fight over legacy of folk hero Washington

THOUSANDS OF mourners waited in the rain at the weekend to file past the body of Mr Harold Washington, as Chicago's first black mayor lay in state in City Hall until midnight on Sunday. But true to the tradition of Chicago politics, the political manoeuvring to choose his successor was never far away.

Mr Washington's sudden death last Wednesday from a heart attack removes the bonding from a fragile racial and political coalition among the city council's 50 aldermen. With no clear successor, the race to succeed him is wide open.

This was no more clear than during the weekend's round of clandestine meetings and secret telephone calls as council members jostled to rally support for a vote scheduled for tomorrow.

While Mr David Orr, vice-mayor, has taken over the immediate running of the city, the council will vote for an acting mayor to serve until the general election of a new mayor in April 1989 to serve the final two years of the late mayor's term.

Amid a blaze of publicity, Mr Jesse Jackson flew back to Chicago from a tour of Kuwait on Friday to hold meetings with some of the council's black aldermen. In stressing party unity, Mr Jackson - a Democratic presidential candidate and long-time resident of Chicago - appeared to be trying to unite support behind Mr Timothy Evans, one of Mr Washington's staunchest black allies in the Council. Mr Evans is chairman of the city's finance committee and thought by many to be Mr Washington's own choice to succeed him.

But many aldermen resented Mr Jackson's king-making and rallied late on Sunday behind Mr Evans' rival, Mr Eugene Sawyer. The extrovert Mr Sawyer is seen as a return to the old-style politics of the Democratic party machine that Mr Washington had tried hard to dismantle.

As ever in this highly segregated city, race is one of the key issues in the choice of an acting mayor and no candidate appears to enjoy quite the same standing among the city's minorities as the late Mr Washington, who had reached the status of a folk hero in the city's black community.

Mr Jackson, who is rumoured to be interested in running for mayor in 1989, is desperately trying to avoid a split in black support. Indeed, the memory of the infamous "Council Wars" which stymied Mr Washington's first three years as mayor is all too clear in many voters' minds. Many are looking for a strong public figure that can unite the disparate council personalities. In any vote, white aldermen hold a majority of 28 votes with four Hispanic aldermen voting in a block and 18 blacks.

Mr Evans, who like Mr Washington came up through the ranks of Chicago's omnipresent Democratic political machine, but later broke with the party apparatus, has publicly acknowledged it would take an "incredible amount of concentration of political alliances," to succeed Mr Washington. Mr Evans is expected to gain support from the Hispanic aldermen and several white "lakefront liberals" -former Washington supporters from Chicago's Northside - but his backing among the rest of the white aldermen is uncertain.

Mr Sawyer, on the other hand, as the longest serving black alderman in the Council, seems to have amassed white support from those who see him as a return to the old-guard. While denying he respresents machine politics, Mr Sawyer is said to be a keen supporter of the practice of handing out patronage jobs to supporters.

Mr Washington, as a self-styled reformer, had tried hard to break the city's deeply entrenched system of patronage. His critics say he replaced a white machine with a black one, a claim he hotly denied. He was, however, one of Chicago's first leaders to make more than a token attempt at involving blacks and other minorities in city government.

His dream was for "robust, democratic debate that involves everyone." He may consider the politicking that has followed his death to be taking it a bit far.

Brazil's super-salariat returns

BY IVO DAWNAY IN RIO DE JANEIRO

THE MAHARAJAHS - ironic nickname for Brazil's super-salaried civil servants - are back with a vengeance.

A Supreme Court ruling last week has ordered that the tiny, impoverished north-eastern state of Alagoas should fully reimburse back pay to its public officials, of which at least 30 were earning more than $100,000 a year.

Details of the astronomic sums being earned by some public officers first broke in the state last March when the new Governor, Mr Fernando Collor de Mello, revealed that the previous administration had left monthly outgoings of some 520m cruzados ($4.85m) against income of some Cz120m.

The subsequent investigation discovered what many had long suspected. The state's capital city of Maceio, with a population of just half a million, was employing 80,000 civil servants, many of whom held numerous titles and posts.

Some of these, through long-service entitlements, were claiming salaries up to five times those of their first world opposite numbers.

While a national maharajah hunt exposed similar anomalies across the country - including a Sao Paulo policeman earning $303,000 - Mr Collor pushed ahead with wage ceilings and job cuts, thereby succeeding in balancing his budget within a month.

Mr Collor's crusade was fuelled by moral indignation that Alagoas nears the top of the world's regional poverty leagues with a 10 per cent child mortality rate. But the maharajahs would not take his cuts without a fight.

In a lengthy court action, the civil servants attempted to establish that their pay conformed to federal legislation and that the governor's ceilings breached their constitutional rights.

The Supreme Court's ruling backs them. It has ordered the full reimbursement, with interest and appropriate pay rises, of all salaries suspended or reduced since March. It also reinforces the rights of public employees to accumulate more than one post - a commonplace practice in Brazil.

The only gains won by Mr Collor were confirmation that the state is not obliged to continue paying inactive officials or those that have not taken or passed examinations.

"Brazil's monthly inflation in November was 12.84 per cent, giving an 11-month total of 308 per cent this year, according to the official government statistics

WORLD TRADE NEWS

Gatt 'needs to undergo major transformation'

BY WILLIAM DULLFORCE AND PETER MONTAGNON IN GENEVA

THE GENERAL Agreement on Tariffs and Trade needs to undergo a major transformation if it is to play a full role in promoting a free multilateral trading system, Mr Mahbub Ul Haq, Pakistani Trade Minister, said in Geneva.

Not only does its authority need to be strengthened - it must also broaden the scope of its activities into new areas such as trade in services, and it should aim for a universal membership including countries such as the Soviet Union which are at present excluded.

Gatt was very much the "poor sister" of the Bretton Woods organisations. It lacked the clout of the International Monetary Fund and had no provision for annual review of members policies.

Mr Ul Haq told a symposium marking Gatt's 40th anniversary that there was unique scope in Gatt for equal treatment of developed and developing countries. Gatt was not concerned with handing out finance and developed countries had recourse to it for their own advantage.

Mr Hamish Macleod, Hong Kong Trade and Industry Secretary, said that strengthening Gatt was not so much a question of writing new rules as of ensuring that existing ones were respected.

Mr Clayton Yeutter, US Trade Representative, denied existing national laws were being abused in defiance of Gatt. In fact the Gatt anti-dumping code and US anti-dumping laws were grossly inadequate to deal with disputes over high technology products whose development was very rapid, he said.

Mr Yeutter added that in future Gatt would place more emphasis on codes of behaviour. To be effective, there had to be some mechanism for making these codes work.

One possibility would be for Gatt to impose sanctions in the case of violations, but another would be for it to expose actions by its members that were incompatible with the codes.

Gatt could adopt a system of regular surveillance or audits of its members' behaviour. Fear of exposure would discourage governments from malpractice in trade policies, Mr Yeutter said.

Ms Pat Carney, Canadian Trade Minister, said Gatt would be a more effective organisation if it dealt more rigorously with subsidies, which were increasingly an instrument of protectionism.

Challenged to explain what Japan would do to promote world economic growth after the US had taken the first steps towards cutting its budget deficit, Mr Sosuke Uno, Japanese Foreign Minister, outlined his government's plans to expand domestic consumption and imports.

It had committed Y15,000bn to expanding domestic credit and launched a programme to recycle to developing countries $30bn of its payments surplus over three years.

However, Mr Uno added, the present unstable relationship between the yen and the dollar could not be allowed to continue.

Way clear for C & W to share in US-Japan cable

BY DAVID THOMAS

CABLE and Wireless, the UK telecommunications group, is to hold over 40 per cent of the Japanese end of a new submarine optical fibre telecommunications cable linking Japan and the US.

This relatively high participation by the British company in the Japanese end of the cable emerged as it finally cleared all the hurdles in its year-long battle for a significant stake in the future of Japan's telecommunications industry.

Japan's Ministry of Posts and Telecommunications yesterday granted a licence to operate a new Japanese international telecommunications service to International Digital Communications, the consortium in which C & W has played a leading role.

The service, which is due to start operating in mid-1989, will be in competition with KDD, the present monopoly international telecommunications operator in Japan.

C & W holds 16.83 per cent of IDC.

Judy Dempsey looks at a deal that could boost Australian exports to Eastern Europe

Hancock puts deposit on Danube trade

THE PORT of Constanta in south-east Romania is becoming the focal point of an extraordinary marketing deal, which, if successful, could significantly expand Australia's trade with Eastern Europe.

The man behind the deal is Mr Lang Hancock, of Hancock Mining Company, owner of huge deposits of high quality iron ore in Western Australia. Hancock exports ore mainly to Japan, but as the Japanese also buy from Brazil, the ebullient entrepreneur has begun to look further afield.

Eastern Europe imports 100m tonnes of iron ore a year, 32m tonnes of it from the Soviet Union. But Soviet ore is much lower quality than Hancock's deposits. East Europeans now seem prepared to consider buying from Hancock, in spite of their contracts with the Soviet Union.

The quality of the ore affects the finished steel goods, most of which Romania earmarks for export. Romania, which imports about 15m tonnes of ore a year, has already signed a contract under which Hancock Mining will deliver 53m tonnes of ore over 12 years. A trial shipment of 60,000 tonnes has just been delivered to the Romanian port of Galati. Next year, if everything goes to plan, Mr Hancock will start shipping 3m tonnes, increasing to 5m tonnes a year.

Romania will not have to pay any of the $1.1bn (£610m) deal in hard currency. Mr Hancock has agreed a counter-trade deal. Romania will deliver chemicals and fertilisers, dump trucks and mining equipment, railway carriages and other heavy industry goods. Some of the heavy engineering goods will go straight to Mr Hancock's mines in Western Australia. The rest will be sold by Burwill International, a counter-trade company based in Hong Kong in which Mr Hancock holds a 30 per cent share.

There is an added bonus to the deal for Eastern Europe. Hancock will also develop the Danube-Black Sea canal.

The canal, Romania's largest investment project which opened in 1984, has capacity to move 80m tonnes a year. So far this year it has moved only about 8m tonnes. According to a senior executive from Hancock, one of the problems is that unloading facilities at Constanta are "slow and old." Mr Hancock recently said that "it was taking up to 30 days to unload a big ship."

On his last vist to Romania in July he moved to remedy this. He paid Voest-Alpine, the Austrian steel group, Sch250m (£11.9m) to make and fit new unloaders in Constanta. The old unloaders were lifting about 4,000 tonnes a day. The Romanians have guaranteed to increase that to 25,000 tonnes a day with the new equipment.

"Hancock has built an infrastrucure in Constanta in order to push his goods up to other parts in Eastern Europe," the Hancock Mining executive said. If these plans are to be realised, Mr Hancock will have to improve the loading facilities along the River Danube.

He led a large delegation to Hungary and Czechoslovakia in August and executives from Hancock Mining have completed another trip to Romania and central Europe.

"We have two letters of intent - one from the Hungarians, the other from Czechoslovakia," an assistant to Mr Hancock said. If the negotiations run smoothly, the Hungarians will buy 300,000 tonnes of iron ore and the Czechs 500,000 tonnes annually.

Again, payment will be in goods not cash.

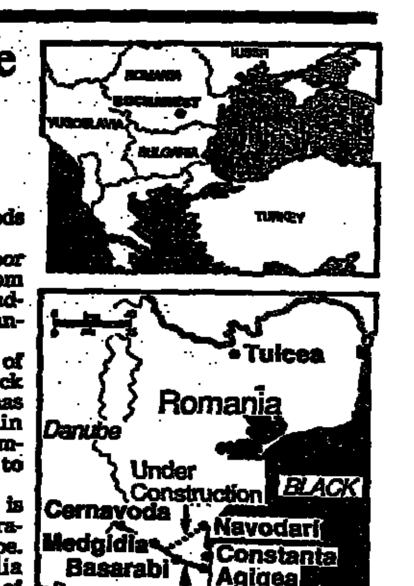
In spite of criticisms of poor delivery and poor quality from other Western businessmen trading in Eastern Europe, Mr Hancock does not seem concerned.

"He wants to make full use of the Danube," a senior Hancock executive said. "Now that he has his infrastructure set up in Romania, other Australian companies can start exporting to Eastern Europe."

Mr Hancock's long-term aim is to substantially increase Australia's foothold in Eastern Europe. At the moment, Australia exports more than $1bn worth of goods to the Soviet Union and Eastern Europe, mainly hides, wool and wheat.

Australian trade officials recognise the huge potential of the East European market, if Hancock can pull off the deal.

It may also lead to Eastern Europe taking a hard look at the Pacific region for their exports. Mr Hancock will no doubt be ready to arrange transportation.



Toshiba in deal with Alcatel

By Terry Dodsworth

TOSHIBA, the Japanese electronics group, is strengthening its position in the fast-expanding European facsimile machine market through a manufacturing and distribution deal with Telic Alcatel of France.

The agreement opens the way for greater Japanese penetration of the French market, which has remained almost exclusively in the hands of Telic Alcatel, a subsidiary of the Alcatel telecommunications group. Alcatel is the only significant non-Japanese manufacturer of facsimile machines in the world, and is estimated to have around 90 per cent of the French market.

Outside France, Japanese companies dominate facsimile sales in Europe. Toshiba sells through its own distribution network, but has also had a long-standing supply agreement with ITT of the US.

The deal with Alcatel follows this year's acquisition of a controlling interest in ITT's European telecommunications activities by the French group.

According to Toshiba, the former supply contract with ITT will be extended with Alcatel to give the Japanese company access to the French market. Toshiba will also give technological assistance for Alcatel to manufacturer products developed by the Japanese group

W German luxuries lose glint

BY HAIG SIMONIAN IN FRANKFURT

WEST GERMANY'S crystal Christmas tree baubles are glinting as brightly as ever this year, while its hand-carved wooden toys are no less smooth to the touch. But a rougher note has entered the cushioned world of the country's luxury goods exporters as the dollar fell to a new record low against the D-Mark yesterday.

It should be a time of good cheer in the glass factories and carpenters' shops around Bayreuth, where the best-carved Christmas tree trappings are said to be made by Bavarian craftsmen.

But while German shoppers keep the department store tills ringing, longer-term prospects for German sales abroad, notably the US, are looking more jagged.

It will take some time for the crunch, if any, to be felt. The Nuernberg toy fair, a must for any serious foreign buyer of quality items, is held annually in early February, so buyers from up-market US department stores have already bought their goods.

What they will do in 1988 is another matter. Tougher selling conditions for German exporters to the US are nothing new. German companies have been living with a rising D-Mark for over two years and the much-vaunted Schmerzgrenze (threshold of pain) for exporters on the exchange rate has been regularly revised as the D-Mark has climbed and sales have stayed buoyant.

It is still too early to tell the longer-term effects of the latest shift in exchange rates. But a mixture of problems and resilience seem on the cards, according to a straw poll of up-market US retailers and German suppliers.

Most say there will always be a ready US market for top-quality German goods, at least in the major US cities, and especially on the east coast.

All the internationally-known German fashion names, such as Hugo Boss, Jil Sander and Escada, sell heavily in the US, with Boss commanding probably the biggest share.

The effect of the stronger D-Mark has yet to be seen, but few expect a major upset, partly because of the less-price sensitive nature of the product and the fact that much of the competition comes from other European countries such as France or Italy, where producers are also affected by the lower dollar.

As for those crystal decorations, German ornaments are expensive, but they are the best available, says Mr Willing. Price rises for such items have meant that some middle-market chains such as Sears have stopped buying, but higher-class stores are still keen.

Likewise with toys, buyers say that if you want the best toys, you will still go to Nuernberg.

Where German exports might suffer is in food and wines, where foreign competition is tougher, brand loyalty possibly lower and there is no lack of domestic alternatives, which may carry less prestigious names but offer good quality nonetheless.

BP offshoot awards contracts

BP PETROLEUM Development Norway, a subsidiary of British Petroleum, yesterday awarded NKr1bn-worth of contracts for offshore oil and gas platform modules. The UK construction yard Redpath Offshore gained a NKr120m share of the award.

BP Norway is to develop its Gyda offshore oil field which has recoverable reserves of 200m barrels. Investment in the field is put at NKr9bn.

About 88 per cent of the package was awarded to Norwegian construction yards. However, Mr. Olav Wattne, managing director of BP Norway, said that in at least one contract there is scope for a foreign yard to be subcontracted by the Norwegian construction yard Aker Verdal.

Mr. Wattne pointed out that Norwegian yards must subcontract parts of contracts to foreign yards so as to be competitive.

Chinese plant wins backing for new car

BY DAVID DODWELL IN CHANGCHUN

CHINA'S Number One Automobile Works, famous for its Liberation trucks and imposing Red Flag limousines, has won government approval to launch a new car. Production will begin in 1990 and rise to 150,000 vehicles a year by 1995.

Li Zhiguo, the company's vice-president, said the car would be the first to be designed in China since the Shanghai saloons and Red Flag car of the early 1950s. It will be similar to a Toyota Crown and use Chrysler engines ranging from 1.8 to 2.8 litres.These will be manufactured locally in a venture aimed at producing 100,000 engines a year.

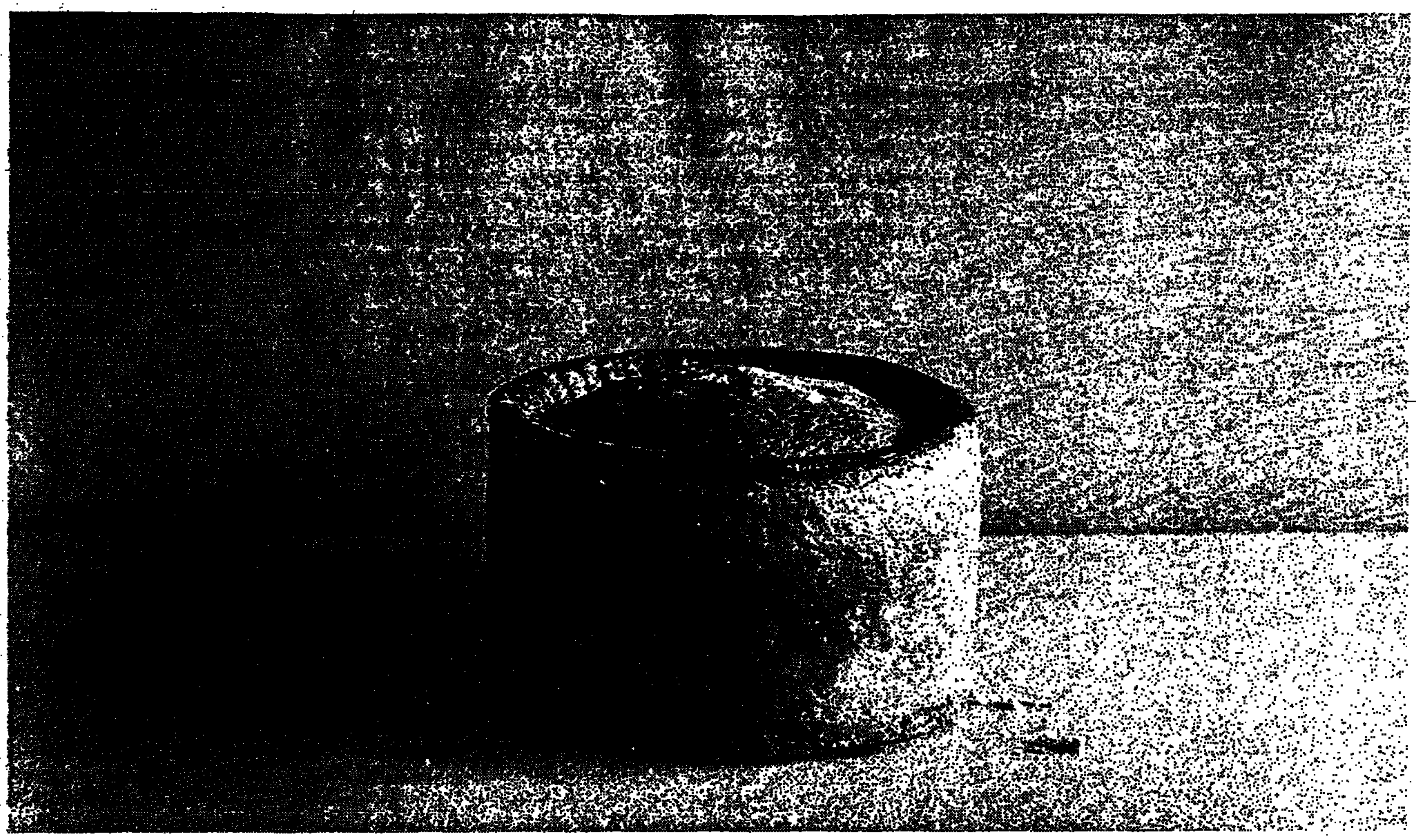
The car is intended to cut China's need to import modern cars and will provide the first Chinese-designed competitor to the Volkswagen Santana, 20,000 of which were made last year in a 25-year joint venture based in Shanghai. Imports of foreign cars, mainly from Japan, have drained large amounts of foreign exchange in recent years, and were at the heart of a smuggling scandal almost three years ago.

The Number One Automobile Works, based in Changchun in Jilin Province in China's far north-east, is renowned inside the country as the birthplace of China's motor industry. Over the past 30 years, however, production has been hobbled as the factory has been caught up in political upheaval.

Its four-ton Liberation truck has been China's lumbering workhorse since production began in 1956. Only in January this year was a renovated model launched that incorporates post-1950 technology. About 68,000 of the new trucks will be produced this year, against an estimated local demand of almost 130,000. Export orders for 513 trucks have been won after competitive bids for World Bank contracts.

As a car manufacturer, the factory is famous for its immense Red Flag sedan, used only by China's top leaders and most distinguished foreign visitors. Production began in 1958, and has never been higher than 300 a year. It will drop to 30 with the introduction of the new car.

Li said that foreign equipment purchases for the new car are likely to amount to $70m. The first model will emerge in 1990, with output planned to reach 30,000 in 1992, 150,000 by 1995, and eventually 300,000. It will be used in taxi fleets, by government offices, and businesses.



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For more information on IBM midrange solutions, please phone Caroline Edwards at the IBM National Enquiry Centre on 01-995 7700 or write to IBM United Kingdom Limited, 414 Chiswick High Road, London W4 5TF.

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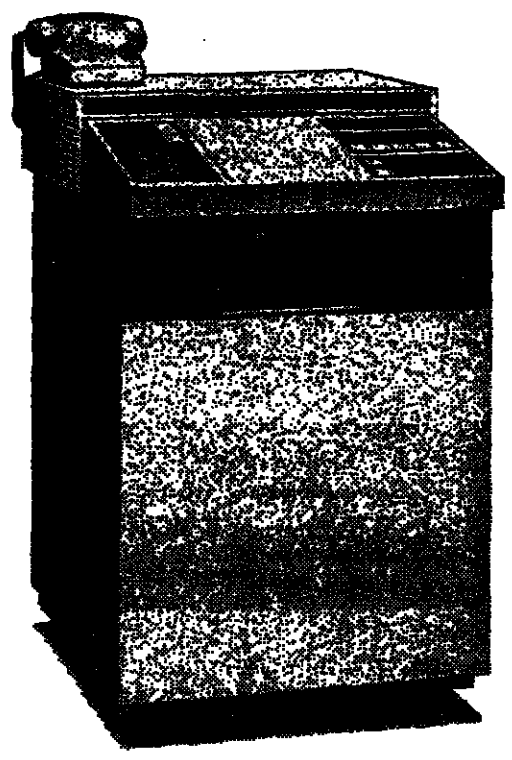
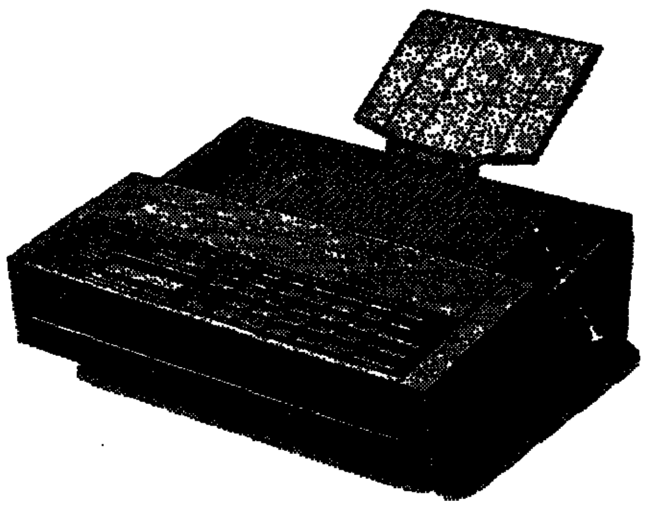


1973. Ricoh's first fax (Rifax 600S).
Speed: one A4 in 60 seconds.

Choosing a Ricoh Fax is just a matter of time.



1987. Ricoh's latest fax (Ricoh fax 60).
Speed: one A4 in 15 seconds.

Ricoh 1973.

Ricoh was the first company in the world to introduce high speed facsimile with digital technology.

Ricoh 1973.

Ricoh was also the first company in the world to accomplish international facsimile transmission between Tokyo and New York via satellite.

Ricoh 1975.

And the first company in the industry to be awarded the Deming Prize for Quality Control.

Ricoh 1980.

150 Ricoh faxes were used at the Moscow Olympics under O.E.M. brand.

Ricoh 1986.

Ricoh was the first Japanese company to start production of facsimile machines in Europe (at Telford in the U.K.).

Ricoh 1986.

Ricoh became No. 1 facsimile manufacturer in Japan (share of total production: 21.5%*), also No. 1 installation in U.S. (15.7% of total market**). So no wonder we sell more facsimile machines than any other company in the world.

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*Nihon Keizai Shimbun, 1986
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TECHNOLOGY

Why cows may soon be made to measure

Peter Marsh looks at a new method of growing embryos to improve the meat quality of cattle

AN ADVANCE in growing embryos using eggs obtained from slaughtered cows could lead to widespread improvements in meat quality of animals around the world, according to an Irish agriculture company which is pioneering the technique.

Masstock International has joined forces with scientists at University College in Dublin to offer a service in implanting the embryos, produced by such methods, into the wombs of surrogate cows.

The Dublin scientists believe they have perfected two important aspects of embryo transfer which have hitherto been extremely difficult to perfect in the case of cattle. The techniques should reduce the costs of embryo transfer, which has been growing in use over the past decade but is still a fairly limited tool for farmers. It should also open up the prospect of a higher degree of selection in choosing the genetic traits of animal herds.

Such selection could be highly important in, for example, attempts to breed cattle that will have a high yield of milk or grow particularly quickly.

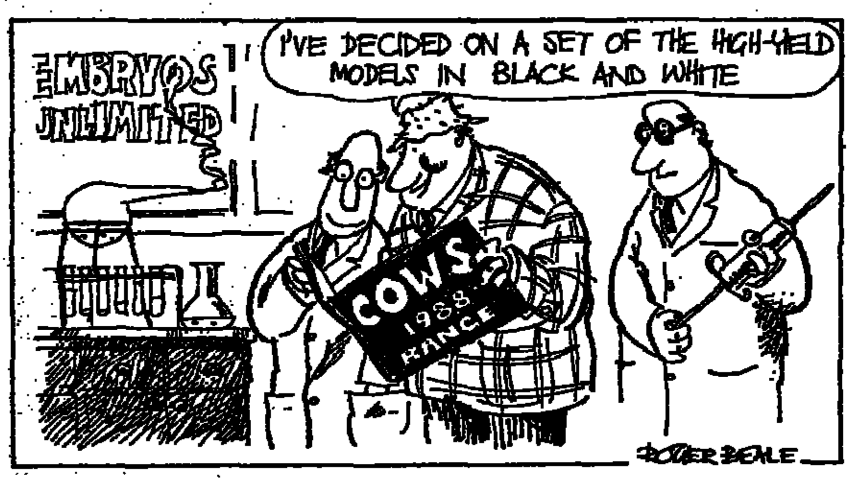
The Dublin scientists have discovered how to develop, using artificial techniques, the immature eggs taken from dead cows and to produce ripe eggs which can then be fertilised with sperm. The possibility of using eggs obtained cheaply and relatively easily from such a source may persuade more farmers to turn to embryo transfer as a breeding method.

The scientists, led by Professor Ian Gordon, have also devised a way of keeping alive, outside the body, the embryos which result from this process. Later, the embryos are implanted into the womb of a host cow.

This method, similar to what happens in hospitals in the production of "test-tube" babies using human embryos, promises to make it easier to ensure that cows have twins, virtually on demand.

Instead of putting one embryo in the host animal's womb, a technician would insert two, so doubling (assuming the embryo develops normally) the mother's birth rate.

The new techniques may lead to new ways of genetically manipulating the cellular material in animals, so increasing the choice of the farmer over herd characteristics.



Alastair McGuckian, Masstock's chairman, says the work promises to make embryo transfer available to more farmers at lower cost. He plans to sell an embryo-transfer service for as little as a few tens of pounds per pregnancy, compared with the normal rate for embryo transfer of up to £300.

Masstock has spent £350,000 over the past few years in backing the research at University College which has led to the new methods. Ovamass, a company owned jointly by Masstock and the academic institute, is in the process of implanting embryos in 5,000 cows in the Irish Republic using the techniques. This will lead to implants in a further 200,000 animals in 1988-89, according to McGuckian.

Up to now, embryo transfer in animals has taken place largely using eggs from living cows which are fertilised using artificial insemination in the womb.

The embryos that result are later transferred to a "host" mother. In this way, a cow grazing in, for instance, India can be made to give birth to an animal that has the milk producing characteristics of a prize Devonshire Fresian.

A key advantage is that the baby cow has the better growth traits of its real parents - but has built up, during its time in the womb of the surrogate, immunity against the kind of diseases it is likely to encounter after birth.

Existing embryo transfer methods - which have been pioneered largely in the US - involve only a limited possibility of tailoring the genetic characteristics of the developing animal.

This is because the farmer's choice over inserting in the host mother genetic material from a female is restricted by the fact that the eggs have to come from a living, healthy animal which is on hand to be artificially inseminated.

The idea of obtaining eggs from a far wider variety of sources - and then fertilising these with sperm derived from a bull whose genetic characteristics are predetermined - should add to the repertoire of animal breeders.

David Storey, managing director of Premier Breeders, Europe's biggest embryo-transfer company, says that the Irish work is a significant step forward. But he says that a more important advance, which still has to be realised, will be to make it simple to remove immature eggs from chosen living animals and then turn them into embryos which can be implanted in surrogates.

The idea of using only dead animals as a source of eggs has its own inbuilt restrictions, says Storey. "The genetic material from the slaughtered animal may not be what the farmer wants."

According to Roger Land, a UK specialist in animal science, the Irish work may be only a prelude to the most useful aspects of embryo transfer in livestock.

Land, head of the Agriculture and Food Research Council's animal physiology and genetic research station in Edinburgh, says this work could entail extraction of cellular material from eggs and embryos and the incorporation of this in tissue fragments that then grow in a host animal. In this way, farmers would be able to hone exactly the kind of traits that they require for their animal herds.

Some studies along these lines have been done around the world, mainly in sheep. "Work in this area is still at an early stage. It is inconceivable that the work will not lead to major benefits for the agriculture industry," says Land.

A bond to bring chip versatility

BY MARY WILKINSON

IN THE acronym-ridden world of microelectronics a new name - bicmos - is emerging rapidly from the research laboratories and into products.

A type of silicon structure for making microchips, it is being taken seriously by most of the world's major chip manufacturers. Giants such as Hitachi, Motorola and Fujitsu have all recently launched their first bicmos products and early last month Britain's first commercial bicmos plant was opened in Sidcup, Kent, by the American owned company, LSI Logic.

LSI's new plant will offer tailor-made bicmos chips to customers in Europe, the US and Far East - a total world market that Dataquest, the market research company, believes will grow from almost nothing to US$500m by 1992.

Bicmos is causing such interest because it manages to combine the best characteristics of the two widely-used silicon technologies - bipolar and CMOS (complementary metal oxide semiconductor) - to produce the electronic designer's dream of a fast, densely packed microchip with low power consumption. But its most attractive feature is that it allows analogue and digital functions, which would normally require separate chips, to be put together neatly and cheaply on a single piece of silicon.

Circuits made up of bipolar transistors - the oldest form of silicon technology - are ideal for handling analogue signals such as the undulations of human speech for a telephone transmissions or for feeding a continuously changing current to control the speed of the likes of washing machine motors.

As well as their superior analogue performance, bipolar circuits are fast and can push out a lot of current. On the negative side, they are power thirsty and bulky compared with the low power, diminutive CMOS circuits which dominate the microchip industry for digital tasks.

By combining both types of technology on one chip, a system designer can get rid of the several high power bipolar chips that normally link the CMOS computing part of an electronic system to the outside world.

This will cut the cost of and radically reduce the size of the system "box", says Robert Blair, president of LSI Logic UK. It will also make it more difficult for competitors to unravel a company's circuit designs.

The bicmos process LSI is using was developed by STC, the telecommunications company which is a part owner in the Sidcup plant. But STC pulled out of ambitious plans to enter the commodity chip market two years ago, just as the £20m factory was reaching completion, and instead entered into a joint venture with LSI.

An electronics designer's dream, bicmos combines the best of two silicon technologies to make fast, densely packed microchips with low power consumption

"A major semiconductor facility like this needs a company that is concentrating in that field, has market access and a single-minded determination to succeed," says Arthur Walsh, chief executive of STC. "It is not possible for such a venture to flourish as an adjunct of a systems company," he adds.

Instead STC has an 18 per cent stake in the bicmos venture, immediate access to new developments and gets a rapid response when it wants its own bicmos designs manufactured.

STC Semiconductor retains the rights to the process and has a small bicmos facility, also in Sidcup, where it can do its own prototype work and offer specialised, low-volume production runs for outside customers.

The company has already designed and manufactured a single-chip telephone and a single-chip radio pager using bicmos technology.

It is also likely to use a bicmos chip in a small portable telephone it is developing for British Telecom. Bipolar, with its ability to handle high frequencies, can be combined with CMOS logic to produce a chip capable of receiving and decoding a digital radio signal. Having one instead of two chips, therefore, means the device can be made smaller, cheaper, easier to assemble and more reliable.

Nigel Horne, technical director of STC and a director of LSI Logic UK, believes bicmos will find applications throughout STC and its computing subsidiary ICL. "It will depend on the rate at which we can re-educate designers to realise they can put analogue on a digital chip," he says. "The partitioning of the two is artificial."

Plessey, another British telecommunications company, is also very interested in the potential of bicmos to improve its products. The company has an active bicmos research programme but has yet to decide when it will enter the market.

LSI Logic does not, however, have the custom built bicmos chip market to itself. According to Dataquest, there are six other suppliers and more than 15 more companies developing bicmos products. The three most significant companies with bicmos products already on the market are Hitachi and NEC of Japan and Motorola of the US.

But all these companies are taking a different approach from LSI and STC on the development of the technology. Instead of offering the ability to mix analogue and digital signals on one chip, companies like Hitachi are using the advantages of bicmos to produce a fast digital chip without the high power consumption of bipolar devices but with the power to drive a large load without slowing.

Hitachi has used a bicmos chip in its new S-820 supercomputer, to speed memory management, and it is developing a bicmos microprocessor.

LSI Logic eventually intends to go the same way, but will first concentrate on trying to get its customers familiar with the analogue/digital aspects.

The biggest disadvantage of bicmos is that it requires a more complicated manufacturing process than CMOS which can increase costs by 15 to 30 per cent.

However, Dataquest expects the price of bicmos chips to fall as companies go into volume production, and believes the technology will capture market share from both the high-speed bipolar and CMOS custom markets, finding applications in everything from personal computers to robotics.

Model of efficient design enters the fashion world

BY GEOFFREY CHARLISH

IN THE highly competitive world of fashion design Courtaulds Prints has a big advantage over its opposition; its models can change into the latest creations in the blink of an eye.

All designers at the London fashion house have to do is press a few keys on a computer aided design (CAD) system called Quick Response. Costing up to £200,000, this, the first such system to be installed in the UK, can create life-like images of garments without a stitch being sewn.

Don Rouse, the company's managing director, says he believes the use of Quick Response will speed design decisions and allow Courtauld Prints to react more quickly to market demands. A good deal of conventional paper and fabric design activity will be eliminated, saving time and cutting costs.

Using a high definition screen and keyboard unit from Silicon Graphics (Mountain View, California) and advanced CAD software from Computer Designs (New York), the user can create a garment on a "mannequin" in any style, colour, fabric and texture.

The starting point is usually a photograph or existing paper fashion sketch of the worn garment which is scanned and shown on the screen. Then, fabric which has been previously designed on the screen (or scanned in) is applied to the design by the computer.

Using the considerable computer power available (about 50 times that of a personal computer), the garment is in effect made up and "worn" by the screen mannequin. It follows all the contours and shapes of the body to give a life-like representation which drapes and hangs like the real thing. The design can subsequently be changed, adjusted in size, re-coloured at will or other fabrics substituted until the required result has been achieved.

Further software allows the three dimensional data of the modelled garment to be derived so that it can be viewed from a number of angles and data can be generated for manufacturing patterns.

In addition, the final result will yield four colour separations suitable for advertising and catalogue printing.

Silicon Graphics: UK office, 0635 37426.

Silicon Graphics CAD system makes for quick and life-like views of fabric pattern changes to a designer's creation.

Losses halved at British Shipbuilders

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

BRITISH SHIPBUILDERS yesterday announced an operating loss of £23m for the six months to September 30, compared with £51m in the same period last year.

Mr John Lister, chairman and chief executive, said the corporation hoped to reduce losses to less than £118m for the full year, compared with £148m last year.

"We shall be inside that level, but I can't say how much at this stage," he said before leaving for a 16-day sales trip to China and Hong Kong.

Mr Lister said £18m of the first-half loss represented overheads and labour costs at the Govan yard, at Glasgow, which was idle for several months.

Most of the balance of £5m is understood to be accounted for by a provision for possible losses on loan guarantees provided on behalf of customers.

The corporation said losses on contracts had been "relatively small", partly because of an improved performance by North East Shipbuilders (NESL) in Sunderland, Tyne and Wear, which recently restructured its management.

British Shipbuilders has an order book totalling 243,861 compensated gross tons, compared with 122,378 cgt at the end of last year and only 23,044 cgt two years ago.

That is close to capacity as far as big ships are concerned, but there are understood to be some gaps in work schedules in the smaller yards.

Construction work has begun at Govan on the first of two container ships being built for China. NESL is building 23 small roll-on, roll-off ferries for Danish owners.

The corporation has had to transfer one ferry from NESL to Appledore, Devon, to boost an order book that contained only two small dredgers.

The fourth yard, Ferguson, at Port Glasgow, is building two ferries for Caledonian MacBrayne, which operates between the Scottish islands and the mainland.

British Shipbuilders recently lost a £19m order for a supply ship for the British dependency of St Helena, which went to Hall Russell, the privatised Aberdeen yard.

However, the corporation is believed to be discussing the possibility of building an oil tanker for foreign owners and there are hopes that China will take up an option for a third container ship.

British Shipbuilders says it is now broadly price-competitive with Japanese yards as a result of productivity improvements and the recent appreciation of the yen.

Like other shipyards, the corporation is hoping for a boom in orders from about 1990, when a large part of the world fleet will require replacement. The hope is that an increase in orders, combined with cuts in world capacity, will help to raise prices above break-even levels.

Rover Group sells foundry operations

BY JOHN GRIFFITHS

ROVER GROUP's foundry operations, which employ 850 in the West Midlands and Yorkshire, have been sold to Eisenwerk Bruhl of West Germany.

The cash deal is estimated by industry analysts to add nearly £10m to the proceeds received by state-owned Rover from privatisations.

In a letter informing employees of the deal yesterday, Rover expressed confidence that all jobs would be preserved and that additional technical and financial resources would be pumped into the operations by Bruhl, one of Western Europe's largest foundry groups.

The operations involved are the Beans iron foundry at Tipton, West Midlands, employing 600 people, and the Leeds-based West Yorkshire aluminium foundry, employing 250.

Eisenwerk Bruhl, with headquarters in the town of Bruhl itself, is forming a company, Bruhl (UK), to run the British operations.

The company has been given "preferred supplier" status by Austin Rover, the volume cars subsidiary of Rover, on which both companies rely heavily for their turnover.

Bruhl is expected to seek to widen the UK operations' customer base in the UK, and campaign for new customers on the Continent. The latter option is made more attractive by the difficulties caused for West German exports by the strong D-Mark.

The sale has caused controversy. Mr Geoffrey Robinson, Labour MP for Coventry North West, led a campaign for it to be halted while an alternative bid from A.L.Dunn, a Nuneaton foundry, was considered.

Rover said last night: "We have confidence that Bruhl, who are regarded as the world's experts on block and head castings, will offer a secure future for the factories, safeguard the jobs of those employed and preserve research and development."

● Production of Austin Rover's Montego medium saloon, built at Austin Rover's Cowley plant, is to be increased by 350 cars a week to 2,500.

Call to aid developing countries with debt

Financial Times Reporter

A STRONG call for debt relief for the developing countries was made in London yesterday by Professor Richard Portes, director of the Centre for Economic Policy Research.

"The burden of debt is a major obstacle to renewed world economic growth. Debt relief is now long overdue," he said.

While the problems of the debtors were obvious, the cost to the developed-country creditors was also severe, he added. Potential export markets were closed as long as the customers could not pay and the financial markets were depressed by uncertainty.

If co-operative measures to reduce the burden could not be agreed, disruptive unilateral defaults would follow. The demands of the Acapulco summit of Latin American debtors for relief which would reflect the fall in the market value of their debt was "only natural".

Professor Portes, whose arguments were drawn partly from the findings of an international study published by the Centre for Economic Policy Research yesterday, called for "retail rather than wholesale debt relief" - a case-by-case approach reflecting the needs of individual debtors. The aim should be to reduce the burden to manageable size in each case, and on manageable terms, so that the flow of capital to the developing countries could resume.

He said that no further progress was possible under the 1982 rescheduling strategy, extended under the plan initiated by US Treasury Secretary James Baker, which had been aimed principally at protecting the lending banks.

This had not succeeded in persuading the banks to resume voluntary lending, and after five years the net transfer of resources was still from the poor to the rich countries.

Professor Portes reviewed and rejected the current arguments against debt relief. The warning from banks that debt defaulters would be shut off indefinitely from international credit was not supported by the historical record.

The defaulters of the 1930s had been able to raise new loans after quite a short interval, while the debtors of today, who had not defaulted, had no prospect of raising new funds.

Global macroeconomics: policy conflict and co-operation. Macmillan. £40.

Editorial comment, Page 18

Christopher Parkes reports on rising consumer demand for fish

Developing a taste for alligator mornay

One of the fish dishes served at Manzi's restaurant in London

MANZI'S, the renowned seafood restaurant in London's Leicester Square, had run out of catfish by 9pm. But the alligator was still "on" if we would care to sample it, the waiter offered. All passed.

Reptile mornay may never catch on but it is worth remembering that, only a few years ago, the pundits were saying the same about the spectacularly ugly angler fish. Even the handsome mackerel was disdained as a scavenger fit only for fishmeal and Soviet canneries.

But cultural shifts and adept packaging, marketing and retailing have transformed their prospects. Smoked mackerel is now a common convenience food. Angler fish, displayed headless alias monkfish, has a cachet once reserved for aristocrats of the slab - such as turbot.

The UK fish market is benefiting from an unusual combination of circumstances. In the 1970s it was driven into deepest depression by the coincidence of the Icelandic cod wars and oil price rises which had a calamitous effect on supply, prices and demand.

Now it is on the up, thriving on the combination of rising incomes and the common belief that fish is one of the healthiest sources of protein on the market.

Although the annual value of the meat and poultry market is about eight times greater than fish sales, consumption of fish is rising as red meats lose favour.

Widespread use of home freezers, the introduction of microwave ovens and the parallel proliferation of prepared fish products tailored for these appliances have helped overcome consumers' concerns about the keeping qualities of fish and the difficulty of cooking it.

The introduction of controlled atmosphere packaging, in which fish is sealed in transparent containers, relieves the retailer of the need to hire skilled workers and eases problems of smell and mess associated with the traditional wet slab of fish.

Stores now need no special facilities other than a chilled self-service delicatessen cabinet.

In a generally static food market, volume sales of fish and fish products rose by 3.4 per cent last year. But the value of the market is increasing far more rapidly. From £1.1bn last year, retail sales are expected to grow by about 8 per cent a year to around £1.6bn by 1990.

Traditional independent fishmongers, numbering around 3,000 compared with 9,000 in the mid-1960s, have made something of a comeback, but the market is being made by the multiples in concert with food processors.

Supermarkets led by Argyll Group's Presto and Safeway chains, recently followed by Waitrose and Tesco, have built their share of the fresh fish market from less than 10 per cent to 15 per cent in the past five years.

Geest, the fruit and vegetables supplier, which came to the fish business through the purchase of the Scotland-based Clipper Group last August, reports that this figure will increase to at least 24 per cent by 1990.

In a market study to be released this month, the company quotes retail margins of up to 25 per cent as an obvious attraction for the multiples. Geest says improved availability will feed demand and the scene appears set for growth.

Geest, long established as a supplier of bulk and prepacked fruit and vegetables to the leading multiple retailers, plans rapidly to build on Clipper's base as a supplier of fresh fish to Sainsbury's and processed products to Marks and Spencer, Tesco and Waitrose.

Frozen products have fuelled most growth recently, and account for almost half the UK fish market, but Geest sees plenty of evidence of new sectors emerging.

Sales of chilled meals, ready for the oven, grew 17 per cent last year. From a standing start in 1980, the market was worth £115m in 1986.

Geest says: "Wider ranges will help stimulate demand. This trend is expected to gain momentum ... and by the start of the next decade the chilled meals sector could have reached the status of a volume retail market."

It still has a long way to go, and there are many niches for processors and distributors to explore. But the healthy eating fad is developing into a mainstream pattern. General affluence has made consumers less concerned about relatively high prices. The loss of traditional fishmongers' shops is rapidly being made good by the top five supermarket groups. Their involvement, Unilever's interests in fish farming, Geest's recent acquisition, and growing interest among other prominent food manufacturers indicates the market is developing considerable momentum.

Now that Allied-Lyons, the conservative tea, beer and cakes concern, is marketing boiled squid, can alligator *bonne femme* be far behind?

Standard Life shows rise in new business

BY NICK BUNKER

STANDARD LIFE, Europe's biggest mutual life assurance group, has increased its UK individual life and pensions new business by 34 per cent to £702m in the last year.

The increase was partly due to buoyant endowment mortage markets and a rise in annuity sales.

However, the group's figures, for the 12 months to November 15, show a steady tapering off in its UK growth rates since the mid-1980s. Standard Life's total individual UK new business grew 111 per cent in 1985 and 60 per cent last year.

Standard Life said its new group life and pensions premiums had grown by 39 per cent to £69m in the past year.

The group said it was notified of 13 death claims in the UK arising from Acquired Immune Deficiency Syndrome (AIDS) in the past year, representing about 2.1 per cent of the 624 deaths from AIDS reported to the Health and Social Security Department between 1982 and the end of October. The 13 AIDS claims were for a total of £300,000.

Standard Life received a total of 1,700 UK death claims in the past year.

There was a rise of 23 per cent to £123m in the group's new annual premiums for mortgage endowment business, with £70m coming in the last six months.

The group's new annual premiums for individual pensions schemes for directors and employees were up 42 per cent at £21m, while single premiums rose 41 per cent to £101m. Standard Life said it saw no evidence yet of queues of customers waiting for the new-style personal pension plans due to be go on sale next July as a result of the 1986 Social Security Act.

There was still "a healthy interest" from the public in the old-style section 226 personal pension policies, however.

The group's other major new business area was new investment into its Capital Investment Bond, a single premium investment policy, which rose 19 per cent to £259m. This included £17m of sales between the October stock market crash and November 15, a figure close to the year's monthly average.

Challenge to Housing Bill timing

By Andrew Taylor

THE ASSOCIATION of Metropolitan Authorities is to ask the High Court to rule that the Government allowed insufficient time for consultation before publishing the Housing Bill.

Mr Clive Betts, leader of Sheffield City Council and housing committee chairman of the Labour-controlled association, said yesterday that the Government had allowed only three to four weeks between publishing a white paper and introducing the bill in parliament.

"Our members have complained to us that they have not even had time to talk to tenants, although they have a statutory obligation to do so," Mr Betts said. "We say the consultation period is invalid because we were assured we could have talks with ministers about this."

The bill, published in November, proposes to encourage greater private investment in rented housing by removing rent restrictions on new lettings. Rents would be expected to be high enough to allow private investors a satisfactory return on their money.

The association said that rises in rents would hit those who could least afford it. "Homelessness is bound to increase, placing still further burdens on local authorities," said Mr Betts.

Extra £25m to be spent on homelessness

By Alan Pike

AN EXTRA £25.7m is being allocated by the Government to local authorities to help to tackle homelessness.

Mr William Waldegrave, Housing Minister, said yesterday that more than half the money - £13.6m - would go to authorities in London. He said he was particularly concerned that the number of families housed in bed and breakfast accommodation should be reduced.

The minister said the additional allocations would enable councils to provide extra accommodation by establishing hostels, refurbishing their own empty dwellings and supporting housing association projects.

In addition to the London allocation, authorities elsewhere in the south-east will receive another £3.2m.

Glaxo gains approval for asthma drug

By Peter Marsh

GLAXO, Britain's biggest pharmaceutical company, has received government approval for sales in the UK of Volmax, an anti-asthma product.

The drug is a longer-lasting form of another Glaxo medication called Ventolin, which accounted for estimated sales of $311m (£170.3m) last year, making it the company's second biggest source of revenue after its Zantac anti-ulcer product.

Glaxo says it hopes to gain approval next year for marketing Volmax in the US and other European countries. The drug, which analysts suggest could account for annual sales of up to $150m within five years, is already on sale in Denmark.

Volmax, which is sold in tablet form, contains the same active ingredient - salbutamol - as Ventolin.

With Volmax the salbutamol is encased in a membrane inside the tablet. Over about 12 hours, the chemical slowly leaks out through a tiny hole in the membrane, ensuring a longer-lasting action.

The 1987 Financial Times Architecture at Work Award was presented yesterday to the architect Richard Rogers for the new Lloyd's of London building in the City. Pictured left to right are Mr Patrick Bird, chairman of Lloyd's planning committee, Mr Rogers, Mr Nicholas Ridley, Environment Secretary, who presented the award, and Lord Blakenham, FT chairman.

Money supply rises rapidly

BY OUR ECONOMICS STAFF

THE BANK of England yesterday confirmed a further rapid expansion of Britain's money supply during October, in part reflecting its massive intervention on foreign exchange markets to brake sterling's rise against the D-mark.

Final figures for the broad measure of the money supply, M3, show a seasonally-adjusted increase of 3.5 per cent during the month, taking the rise over the previous year to more than 22 per cent.

Bank lending to the private sector, another key element in the growth rate of M3, totalled £2.9bn in October, slightly lower than the £3.3bn average seen in the previous six months.

A strict target for M3 was once the centrepiece of the Government's financial strategy but the measure's rapid growth over the past few years has resulted in its gradual downgrading.

October's figures, however, also show relatively rapid growth in the narrow measure of the money supply, Mo, for which the Treasury still retains a target. During October Mo increased by a seasonally-adjusted 0.6 per cent to take its annual growth to 5.5 per cent.

Virgin acquires Scottish hotel

By David Churchill

MR RICHARD BRANSON's Virgin Group has acquired the Norton House hotel, near Edinburgh, in a deal worth £1m.

The move is understood to be the first in a series of acquisitions by the group of tourist hotels in leading provincial cities.

Editor calls for Spycatcher inquiry

PUBLIC CONFIDENCE in Britain's security services had been undermined by the Spycatcher affair to such a "dangerous" degree that only an independent official inquiry could restore it, Mr Andrew Neil, editor of The Sunday Times, told the High Court yesterday.

Mr Neil was the last of three national newspaper editors to give evidence in opposition to the Government's claim for a permanent UK reporting ban on material from Spycatcher, the memoirs of retired MI5 officer Peter Wright. The book has already sold 1m copies worldwide.

The hearing continues today.

BBC in talks on joint satellite sports channel

BY RAYMOND SNODDY

THE BBC is backing proposals for a joint venture with Mr Rupert Murdoch's Sky Channel to create a new 18-hour-a-day satellite sports channel for Europe.

A proposal for a 50-50 joint venture between a number of members of the European Broadcasting Union and Sky Channel will go before EBU director-generals in Geneva tomorrow.

A committee under the chairmanship of Mr Alan Hart, the BBC's controller of international relations, has been researching the possibility of launching a new sports channel.

If the joint venture goes ahead it will be a unique collaboration between Europe's public service broadcasters and Sky Channel, the general entertainment satellite channel now available to more than 10m homes in Western Europe.

The channel, which could be launched next year, would be called Eurosport and would be a direct competitor for Screen Sport, the existing satellite sports channel in which W.H. Smith, the UK retail and information group, has a controlling interest.

The BBC refused to comment yesterday but it is believed that an outline agreement has already been reached with Sky subject to the agreement of the EBU director-generals.

Export computer service

BY ALAN CANE

AN ELECTRONIC information service for exporters providing details of worldwide business opportunities, identifying changes in the main markets and allowing subscribers to buy and sell foreign currency at advantageous rates is to be launched in the UK in January.

Called Export Network, the system is a value added network service (Vans) established jointly by a group of leading organisations including British & Commonwealth Holdings, Citibank, the British Overseas Trade Board and Thomas Cook, the travel agents.

Vans are electronic services provided over the public telephone network. In the case of Export Network, the service involves access to computer-based information from some 20 database organisations including Export Intelligence Services, Knight Ridder and Global Analysis Systems.

Export Network provides the electronic switch making it possible for its subscribers to have access to more than 2m computer "screens" of information.

Mr Roy Assersohn, Export Network managing director, said the service worked at three levels. The first put subscribers in touch with electronic information that was essentially static and the second with information that was updated continually, such as foreign exchange rates. The third level involved interaction between the subscriber and the system and was the basis for the foreign exchange purchasing system.

Called "Currency Trader", this service will allow subscribers to buy and sell foreign exchange at least as advantageously as through their bank branch.

The service, which starts on January 1, costs £950 annually with a time charge.

Mansfield Brewery deal

BY LISA WOOD

MANSFIELD BREWERY, the Nottinghamshire-based concern, has agreed with Courage to sell Foster's lager in Mansfield public houses.

The brewery, which already retails its own Marksman lager, will introduce Foster's into its 350 public houses and 1,100 free trade accounts from the start of this month.

At the same time, Courage is leasing some 20 of its John Smith's public houses to Mansfield, which will run them as Courage tenancies.

Riding the growing wave of world tourism

David Churchill on optimism in the travel trade

BRITAIN'S TOURIST industry is playing host today to the largest exhibition of tourist organisations in the world at a time when tourism in the UK is set for record expenditure levels.

The World Travel Market, featuring all the leading tourist organisations throughout the world, opens at the Olympia Exhibition Centre in west London with more than 2,000 exhibitors and at least 40,000 visitors expected.

The mood of the exhibition is buoyant following predictions that British tourism is set for its best year, while the world tourist industry continues to grow rapidly.

The Madrid-based World Tourism Organisation, representing all the national tourist bodies, claims that tourism is the world's third largest industry, after the oil and motor vehicle industries.

The WTO says tourism accounts for 12 per cent of the world's gross national products and is a major employer of staff in many economies. Its secretary general, Mr Willibald Pahr, said: "Tourism is close to becoming the world's largest industry."

Britain has particularly capitalised on this. Some 25 years ago, France and Italy were earning more US tourist dollars than the UK. Now the UK earns more than both countries combined.

Mr Duncan Bluck, chairman of the British Tourist Authority, says tourism is the country's fastest growing industry. He points out that it will sustain 1.4m jobs and contribute £15bn to the economy this year. Jobs are being created at a rate of 50,000 a year.

By the early 1990s it is estimated that tourism will acccount for expenditure within the UK of £22bn, making it the country's largest single industry.

Factors behind the growth of world tourism include rising living standards in western economies as well as the greater availability and lower cost of international air travel.

The UK has especially benefitted from these trends because it offers a stable society and a historic tradition which appeals to overseas visitors.

"Britain is now fifth in the world in terms of international tourism earnings," Mr Bluck said. "Only the US - which has 11m Canadian cross-border visitors to include in this category - Italy, Spain and France are ahead of us."

The growth of worldwide tourism is clearly vulnerable to factors such as international terrorism, although the effect on tourism of the Libyan bombing incident last year was only temporary.

Mr Bluck also believes there are other drawbacks to the growth of tourism. "More needs to be done to remove inhibitions to tourism development, such as short-sighted planning decisions, and to speed up the process of providing more education and training in tourism and to harness new technology to our needs," he said.

The importance of earnings from tourism to the world economy is underlined by the European Community sponsorship of exhibiting countries at the World Travel Market. The EC is sponsoring a number of developing countries' participation at the exhibition to encourage and stimulate their economic growth.

Industry loses automatic right to cash supports

BY HAZEL DUFFY AND ANTHONY MORETON

THE GOVERNMENT is to end industry's almost automatic entitlement to aid in Britain's assisted areas.

Instead, under changes to to be made in the new year, the aim will be to concentrate aid on those companies which can prove that they really need it.

In particular, more assistance will be made available in the form of expert advice to smaller and medium-sized companies.

Regional development grant - under which new manufacturing projects in development areas qualify for grants of 15 per cent of the cost of new buildings and a further 15 per cent towards plant and machinery - is likely to disappear, although exceptions might be made for smaller companies.

Otherwise, companies will have to prove that proposed investment would not go ahead unless there were Government assistance.

Development and intermediate areas will be abolished and redesignated simply as assisted areas. Areas eligible for assistance, however, will not be changed.

The proposed changes are the outcome of a review begun in the summer by Lord Young, Trade and Industry Secretary, and carried out in consultation with the Northern Ireland, Scottish and Welsh Offices.

The present development areas, where automatic grant is available, include central Scotland, Tyneside and Teesside in the north east, Merseyside, Industrial South Wales and parts of north-east Wales, parts of Cornwall and Devon, and Northern Ireland. Among the intermediate areas, which qualify for selective financial assistance but not automatic grant, are parts of the West Midlands, Yorkshire and Humberside.

The Government is thinking of bringing in the changes without a transitional period, unlike the last changes to regional policy which began in 1984 and have still not been completed.

That lengthy transition is the main factor behind the big increase in regional aid payments over the last two years, to the considerable embarrassment of the Department of Trade and Industry.

The intention had been that discretionary assistance would increasingly replace automatic grants. In practice, however, grants totalled £514m in 1986-87 against only £123m in selective assistance.

Designation of areas for assistance is required by the European Regional Development Fund, from which Britain is one of the biggest beneficiaries. Some parts of inner cities which do not now qualify for assistance are likely to be brought within the net.

In making aid more selective, the Government is anxious that it should continue to attract overseas investment.

More regions gain protection from intensive agriculture

BY BRIDGET BLOOM

A FURTHER 10 environmentally sensitive areas (ESAs) are being established by the Government over the next two years in an effort to protect more regions of natural beauty from the depredations of intensive farming.

The additions will take to 19 the number of areas covered by orders laid before parliament. The areas cover 2m acres of land on which farmers have voluntarily agreed to adopt more traditional methods of cultivation.

The new areas range from river valleys in Suffolk, on the east coast of England, to the South Downs, south of London and the Lleyn Peninsula in Wales.

The main purpose of the areas was conservationist, Mr John MacGregor, Agriculture Minister, said yesterday. However, it was possible that they could help to reduce agricultural support costs, both in themselves, and in the lessons they could teach in assessing the viability of less intensive farming for wider application.

The ESAs, essentially pilot projects, were a "revolutionary concept" when Britain managed to get the idea accepted by the European Community in 1984, Mr MacGregor said. Now they were seen as part of a package, including diversification schemes and "set-aside" schemes to take land out of cereal production, to help farmers adjust to the tougher climate in agriculture.

Farmers within the new ESAs will be invited to apply in January to have their land included. Rules governing their farming practices vary according to their location, as does compensation paid.

On the South Downs, for example, an ESA which was established in the first phase of the project earlier this year, farmers are paid between £14 and £64 an acre for maintaining grassland

In both cases, the use of fertilisers, pesticides and herbicides is forbidden for the duration of the five-year agreement

Earlier ESAs included the Pennine Dales, in the north of England, West Penwith, Cornwall, in the west of England, Loch Lomond in Scotland and Mourne and Slieve Croob in Northern Ireland.

BT may face curb on prices over 'excessive profits'

BY DAVID THOMAS

BRITISH TELECOM may have to curb price increases next year because it is in danger of making excessive profits, Professor Bryan Carsberg, director general of the Office of Telecommunications, the industry's regulatory body, warned yesterday.

He also allowed Mercury Communications, BT's sole network competitor, to set up a public payphone service and established a review to see whether Mercury is being held back by BT delays in providing it with telephone lines.

Prof Carsberg, who monitors BT's rate of return to ensure that the formula governing its price changes stops the company making excessive profits, concluded a year ago that an acceptable rate of return for BT at that time was 19 per cent.

He said yesterday that, judging from BT's results for the six months to September, the company's rate of return "is increasing distinctly beyond the 20 per cent level."

BT immediately disputed this, stating that its rate of return for the six months, which it does not normally publish, was 20.2 per cent.

Prof Carsberg, who was speaking at a conference of the Telecommunications Users' Association in London, acknowledged that BT's decision to freeze prices on its main inland services this year would probably curb BT's rate of return for the full year.

However, he added that, as part of wider negotiations to begin early next year with BT about the future of the pricing formula, he would be looking "for assurances that any price increases implemented in 1988 will avoid bringing about excessive profits."

Oftel's decision to break BT's monopoly of public payphones came as it released the results of its first monthly joint survey with BT of the company's service, which Prof Carsberg called "pretty dreadful.".

Out of 7,000 payphones visited, 24.2 per cent were out of order, with vandalism to blame in only 2.4 per cent of cases.

Mercury's call box service will open next year and will be restricted to places close to its network, which connects up the main cities.

Scargill opponent offers miners coalfield unity

BY DAVID BRINDLE

MR JOHN WALSH, the Yorkshire miners' union official who is planning to topple Mr Arthur Scargill from the presidency of the National Union of Mineworkers, gave a pledge yesterday to restore the morale of workers in the coalfields.

"When relatively young miners are prepared to take the redundancy terms offered at the present time and leave the industry, the union has got to recognise the demoralised state that we must be in," he told a news conference.

Above all, the leadership had to restore unity. This was likely to entail a "dialogue" with the breakaway Union of Democratic Mineworkers and would mean allowing the membership to decide on British Coal's plans for six-day working.

The dispute over the corporation's disciplinary code would also have to be resolved speedily, he said. "We have to get the union back together."

Mr Scargill announced last month that he would offer himself for re-election. So far Mr Walsh is the only person to offer the miners an alternative leader.

APPOINTMENTS

Reorganisation for James Finlay

As a result of the forthcoming retirements of **Mr S.R.Stephens**, deputy chairman, and **Mr J.Murray**, managing director of George Payne & Co, from executive duties, JAMES FINLAY has made the following appointments: On January 1 **Mr A.C.Afxentiou** will become managing director of George Payne and a non-executive director of James Finlay. From February 1 **Mr R.J.K. Muir** will be appointed deputy chairman of James Finlay Corporation, **Mr R.G. Capper** will become an executive director James Finlay and cease to be managing director of James Finlay Corporation, becoming a deputy chairman of that company and **Mr J.M.Inglebу** is to become managing director of James Finlay Corporation and a non- executive director of James Finlay. **Mr S.R.Stephens** will become a non-executive of James Finlay on February 1. **Mr John Murray** will be made a non-executive director of George Payne & Co on January 1 and continue as a non-executive director of James Finlay.

★

GTE MARKETING SERVICES, the UK arm of the American company GTE Directories Corporation, has appointed **Mr Patrick T. Keenan** its managing director. He replaces **Mr Ray Wantachowicz**, who after an eight-year assignment in the UK, returns to the US as area vice president, *international* support. Mr Keenan will be responsible for all GTE's activities in the UK as well as the rest of Europe as area vice-president Europe. At the same time **Mr Donald A. Isham** has been named finance director responsible for accountancy and financial operations in the UK and Germany.

★

Major-General Thomas Anthony Boam has been appointed as the new director of the BRITISH CONSULTANTS BUREAU from January 1.

★

Mr Charles Antony Barnes has been appointed a non-executive director of CITY MERCHANTS BANK.

★

FOREIGN AND COLONIAL *MANAGEMENT*, the management company of the Foreign and Colonial Group, has made the following appointments to the board: **Mr Michael Hart** - deputy chairman. He is director and joint manager of the Foreign and Colonial Investment Trust as well as a director of F & C Eurotrust. **Mr Eric Elstob** - vice *chairman* and international investment director. He is also director and joint manager of the Foreign and Colonial Investment Trust and a director of F & C Pacific and F & C Eurotrust. **Mr Andrew Barker** - vice chairman. He is director and manager of F & C Alliance and F & C Enterprise Trust. He remains responsible for the group's North American investment. Other changed responsibilities include: **Mr Charles Helmore** - a director of the company since 1983 - is now responsible for business development in Japan, while continuing to manage Far Eastern investments. He becomes a director of F & C Overseas, a subsidiary of the company. **Mr Ian Wright** - a director of the company since 1984 - becomes head of the Far East department. **Mr Stephen White** - a director of the company since 1986 - becomes head of the European department.

★

Following the recent merger between James Burrough and Long John International (the spirits subidiary of Whitbread and Co) the following directors of Long John International have been appointed to the board of JAMES BURROUGH: **Mr Anthony E. Derry, Mr Andrew *Dewar-Durie*, Mr John *Hooper*** and **Mr Duncan Baldwin.** Mr Derry becomes managing director of James Burrough. **Mr Peter J. Jarvis**, group managing director of Whitbread, and **Mr Martin C. Findlay**, vice chairman of Whitbread, have been appointed non-executive directors. **Mr Norman C. Burrough** remains chairman of James Burrough and has joined the board of Whitbread as a non-executive director. His brother, **Mr Alan Burrough,** has resigned as president.

★

BIRMINGHAM MINT GROUP has appointed **Mr John Hope** as deputy managing director, responsible for operations. He was managing director of Pegler Hattersley's building products division.

★

Mr Bryan Ellis has been appointed managing director of HASBRO BRADLEY (UK) from January 1. He joins from F.W.Woolworth where he was business unit director, toys, stationery and confectionery.

★

Mr Ian Paterson, senior general manager in chaige of STANDARD CHARTERED BANK's UK banking operations. has been appointed a director of Chartered Trust.

★

Mr Stanley Mein has been appointed of the NAVY, ARMY, AIR FORCE INSTITUTES, HM Forces' official trading organisation. He was financial controller.

★

LOW & BONAR has appointed **Mr Jim Leng** chief executive of the *newly* combined packaging and plastics division. He was previously chief executive of the plastics division. This apopointment follows the retirement of **Mr Bill Jones**, the former chief executive of the packaging division.

★

Mr Walter Goldsmith is to join the board of NORTH WESTERN FARMERS in January. He is currently chairman and chief executive of Food from Britain.

★

Mr Alan Broach will join SPICER AND PEGLER as a tax partner in the firm's West End office in January.

★

At POLYPIPE **Mr Jack Green** has been appointed financial and commercial director. He was group *financial* director of Moores Furniture . **Mr Brian Leasting**, the former financial director, *remains on the board* with special responsibility for the group's expansion.

Contracts

Finnish Air Force radar

PLESSEY RADAR has won a £6m contract to supply four Watchman radar systems to the Finnish Air Force. These advanced medium range surveillance and approach control radar systems will be installed at military and civil airfields. Finland was one of the early buyers of Watchman with three being delivered between 1983 and 1986.

Under the new contract Plessey Radar will supply four Watchman air traffic control systems for installation at both military and civil airfields. Each installation will include a primary radar and two will have on-mounted Cardion Secondary Surveillance Radar (SSR). Watchman display systems will be supplied with the number of displays at each site varying depending on the operational role.

Delivery will begin in 1989 in line with the authority's civil works programme and the contract also provides for technical training, documentation and spares. All four systems for Finland will have plot extraction while the two SSRs will have plot combiners providing primary and secondary data to the displays. The radars will provide flight control, terminal area surveillance, approach and ground control approach surveillance, and outbound control.

The Watchman display console is a self-contained unit which provides real-time primary radar data, secondary radar plots with labels, direction finding bearing lines and synthetic video maps. It also provides for the automatic printing of flight strips.

The Watchman radar was designed to be a world beater employing facilities previously unavailable in radars of its class. It is based on a wide-band travelling wave tube (TWT) transmitter permitting full frequency diversity operation from a single channel system. The reliability of the system is also many times greater than that of equivalent radars that will employ magnetrons, a technology developed during the second world war. The performance of the TWT transmitter combined with the Plessey Adaptive Moving Target Indicator ensures that the smallest targets are seen even in the worst weather conditions.

★

MCLAREN BUILDING SERVICES, Glasgow, has won contracts totalling £1.4m. The largest is an office refurbishment in West Nile Street, Glasgow, worth £315,000, awarded by Town and General Management. Other work includes an entrance area and office refurbishment worth £300,000 awarded by Royal Insurance at Park House in Park Circus Place, Glasgow; a £219,000 contract from Glasgow District Council to put pitched roofs on flat roofed houses in Eastwood Avenue, off Pollokshaws Road; and refurbishing the ground floor reception suite at Scottish Mutual Assurance worth £165,000. Smaller contracts amountto £400,000.

★

A £1m contract for soil carrying equipment fron Channel Tunnel excavations hs been secured by **FLETCHER SUTCLIFFE WILD (FSW)**, a subidiary of Dobson Park Industres. The contract calls for the sipply and installation of bunkeing and conveying equipment. The order was placed by Transmanche Link (TML) , the tunnelling contractor, who have also taken an option for further equipment which could increase the total value of this contract to more than £3 m. The option is for a further five bunkers, nine metering and three belt conveyors.When tunnelling activity is at its maximum, the conveyors will carry the excavated material at a peak rate of 2,400 tonnes per hour. Initial equipmentwill be supplied early in 1988 and it is anticipated that subsequent phases of the project will continue into 1989.

Warning of difficulty on merger proposals

By Michael Cassell, Political Correspondent

MRS SHIRLEY WILLIAMS, the SDP president, last night warned that with merger negotiations between the SDP and the Liberals entering their final stages, agreement on a package of ballot proposals was not yet certain.

Speaking after a meeting of the SDP national committee, which followed another marathon round of joint negotiations on Sunday, Mrs Williams said that the remaining rounds of talks - today and tomorrow did not represent a "pure formality".

She said there was a chance that the negotiators would not be able to recommend the final package: "We cannot put our hand on our hearts and say the remaining negotiations will work out all right," she added.

She stressed there had not been any breakdown of negotiations but it is clear that both sides remain extremely concerned about meeting their self-imposed deadline for completing the draft merger package.

Several important issues, such as the transitional arrangements for the new party, the preamble to the constitution and the method of electing the party leader, have yet to be finalised and any major disagreements could now jeopardise the entire process. Agreement has been reached, however, on the size and composition of the annual, policy-making conference and on balloting procedures.

Mr Robert Maclennan, the SDP leader, said both party leaders were concerned at the problems imposed by time constraints. He said they had not found insuperable obstacles but that negotiations now had to be speeded up. He said they had not taken any decisions which, in his opinion, threatened acceptability of the package by SDP members.

Mrs Williams was yesterday forced to postpone a decision on the choice of a motion to go before the SDP's special conference in January, called to decide whether or not to put the merger package to a membership ballot. She said that, because of the amount of work still outstanding, she had been unable to reach a judgment as to whether the negotiations had been satisfactorily concluded.

Mrs Williams must, by Saturday, table a motion to be put before the January conference. With talks still continuing, she has drawn up two alternatives, and will choose one

Ridley pledges no return of 'Rachmanism'

BY IVOR OWEN

GOVERNMENT proposals for reviving the private rented sector of the housing market could lead to up to 190,000 new tenancies with rents set at market levels within five years of implementation, **Mr Nicholas Ridley**, the Environment Secretary, told the Commons last night.

He coupled this assessment with further pledges that the revised form of assured tenancy introduced by the Housing Bill would not result in a revival of "Rachmanism" with more tenants being subjected to harassment by unscrupulous landlords seeking to maximise their profits.

Mr Ridley's assurances failed to satisfy **Mr Clive Soley**, chief Labour spokesman in the debate on the second reading ofthe bill, who also dashed government hopes that it could form the basis for a fresh consensus on landlord and tenant legislation.

The minister explained that changes introduced by the bill mean that all landlords, and not just companies and partnerships, would be able to grant assured tenancies, which would no longer be limited to new or improved dwellings.

At the same time the existing requirement that the landlords of such tenancies should be approved by the Environment Secretary would be ended.

While stating that his mind was still open to the possibility of retaining an approved landlord system, Mr Ridley underlined the difficulties involved and contended that the necessary vetting and other procedures would be "a bureaucratic nightmare".

He felt bound to say that "compulsory registration does not seem to me to be feasible".

Outlining the safeguards for tenants designed to prevent any revival of "Rachmanism", Mr Ridley said these included the new offence of "harassing an occupier knowing that this was likely to drive him out". Tenants driven out by harassment or illegally evicted would also be entitled to compensation based on the financial gain of the landlord on securing vacant possession of the property.

Mr Ridley confirmed that tenants on low incomes would be able to secure assistance when unable to afford market rents. This would be provided through housing benefit and would focus on the tenant rather than on the property.

To prevent abuse the benefit would not be paid where there was connivance between landlord and tenant to "milk the Exchequer", where the claimant was clearly over-accommodated and where the property was of a quality which the majority of people could not ordinarily expect to afford.

Mr Soley seized on a comment by Mr Ridley that the bill would be welcomed by "people who have a spare house to let" as further evidence that it was irrelevant to the housing crisis and in some respects "positively damaging".

Mr Simon Hughes (Lib, Southwark and Bermondsey) moved a reasoned amendment calling for the rejection of the bill on the grounds that it did nothing to deal with the "scandal of the record high level of homelessness".

Mr John Heddle (Mid Staffordshire), the chairman of the Conservative backbench environment committee, said MPs had a duty "to ensure that the likes of Mr Peter Rachman do not appear again".

He alleged that a Mr Hoogstraten was "such a gentleman", accusing him of avoiding compliance with public health or other statutory notices by switching the properties to other companies.

Thatcher to stress need for nuclear arms

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

MRS THATCHER intends to press home her belief that nuclear weapons will remain a vital part of Western defences for the foreseeable future when she holds two hours of talks with Mr Mikhail Gorbachev, the Soviet leader, next Monday.

Mr Gorbachev is to break his journey to Washington, where he is expected to sign an intermediate nuclear weapons (INF)treaty with President Reagan, with a short stay at RAF Brize Norton in Oxfordshire.

Mrs Thatcher and Mr Gorbachev are expected to have wide-ranging talks over lunch, during which the Prime Minister will be anxious to discuss the next stage of the arms control process, as well as to continue the dialogue, started earlier this year in Moscow, on internal reforms within the Soviet Union.

During the briefest of "mini-summits," which the British Government regards as a major coup for the Prime Minister, Mrs Thatcher will be anxious to voice her support for the expected agreement and for what she sees as President Reagan's persistent stance over nuclear defences.

She also intends to project forward the arms reduction process by reaffirming her support for a 50 per cent negotiated reduction in strategic nuclear weapons as soon as possible.

She will emphasise, however, that any agreement on strategic weapons will be subject to proper verification and should be accompanied by an agreement on chemical weapons.

Mr Gorbachev will be told that, as far as Britain is concerned, there can be no cuts in short-range nuclear systems in Europe unless and until a balance of conventional weapons is achieved on the continent. Mrs Thatcher will also stress that, in her opinion, the world's future defences will continue to be based on a combination of nuclear arms and strong conventional forces.

She will repeat her belief that a continuation of the US strategic defence inititiative (SDI) should not be allowed to hamper any arms control agreement and will also take the opportunity to repeat the view that a continuation of the research programme should be permitted up to the point of feasibility. On that basis, the Government believes it should be possible for the US not to violate the existing anti-ballistic treaty (ABM) for at least 10 years.

While the two leaders meet, Sir Geoffrey Howe, the Foreign Secretary, will hold talks with Mr Eduard Shevardnadze, the Soviet Foreign Minister, and all four are expected to spend some time in joint discussions before the Soviet party continues to Washington.

Mrs Thatcher: To broaden discussions during her meeting with Mr Gorbachev

Rate grant stirs concern among backbench Tories

BY TOM LYNCH

CONSERVATIVE MPs yesterday protested that low-spending councils would be penalised by next year's rate support grant settlement, and those from areas hit by the hurricane in mid-October expressed concern about possible loss of grant from money spent in repairing damage.

But a buoyant **Mr Nicholas Ridley**, the Environment Secretary - who announced grant levels for England for 1988-89 keeping steady the proportion of council spending funded by government - brushed aside backbench doubts, and looked forward to the current "silly" system being swept away by a new system including the community charge, or poll tax.

Mr Ridley told the Commons in a statement that councils would be allowed to spend £27.538bn, 7 per cent more than in 1987-88, holding spending "broadly steady in real terms". Government grant would be £13.775bn, an increase of £750m or 5¾ per cent, 46.2 per cent of total spending, the same as the current year.

He said the settlement should discourage high-spending councils - "the impression seems to be that they realise that the party is over". The Government was "not prepared to underwrite high spending and high wage increases".

Average rate bills should increase at no more than the rate of inflation and councils should be able to maintain - or even increase - current levels of services, said Mr Ridley. He promised a further statement this month on the spending and rate limits for the 17 councils he proposes to ratecap.

From the Conservative benches, **Mr Robin Squire** (Hornchurch) protested that no more cash had been allocated for his low-spending council, and **Mr Timothy Raison** (Aylesbury) said government grant had lagged behind population expansion in Buckinghamshire.

Mr Hal Miller (Bromsgrove), a Conservative Party vice-chairman, said Hereford and Worcester had been "docked" £6m for following government policies.

Mr Robin Maxwell-Hyslop (Tiverton) recalled that Mr Michael Heseltine, who introduced the grant formula in 1980, had boasted that low-spending councils would no longer pay for the high spenders, yet those authorities which were historically low spenders were still being "punished".

Two Sussex Conservative MPs, **Mr Ian Gow** (Eastbourne) and **Sir Peter Hordern** (Horsham), sought assurances that councils faced with storm damage bills would not be hit by grant penalties.

Mr Ridley expressed sympathy for those protesting about the treatment of some councils, but stressed that the formula for sharing out available resources was fixed in law and he had no power to vary it. He urged all MPs to join him in the lobbies when the time came to "sweep all of this silly system away" and replace it with the poll tax.

He told those concerned about storm damage that councils had not yet presented him with the figures necessary before a judgment could be made on the need for extra government help.

For the Opposition, **Mr Jeff Rooker** said councils would have to find a further £1.4bn to maintain services, and this would result in a loss of grant of £600m. He said the Government had forced the average rates bill up by £4.91 a week since 1978-79.

For the Liberals, **Mr Simon Hughes** said shire counties would suffer a 3% cut in rates support and inner cities would be unable to cope with "the rising tide of homeless people".

● Mr Paul Channon, Transport Secretary, said transport supplementary grant would be £191m, up 6 per cent on the current year. TSG payments cover half the cost of selected local authority road schemes.

Hate figure of the left extols virtues of the market

FOR SOME TIME now Nicholas Ridley, the Environment Secretary, has managed to avoid any major Commons imbroglio as he burnt the midnight oil preparing his mammoth Housing Bill to deregulate the private housing sector.

But yesterday saw the return of the man who has replaced the now ennobled Sir Keith Joseph as the Thatcherite hate figure of the Labour left.

Once again there was the exquisite *ancien regime* courtesy mixed with an aloof intellectual contempt for the views of the Opposition and not a few of his own backbenchers.

His air was that of the patient teacher dealing with some rather backward pupils. If only they could be taught to understand the beautiful symmetry of the workings of market forces they would immediately be converted by his proposals.

On this occasion he was making a statement on the rate support grant followed by an opening speech in the second reading debate on the Housing Bill.

With the statement we were yet again plunged into the mysterious world of aggregate Exchequer grants, safety nets and rate-capping. In a slip of the tongue the Secretary of State mispronounced the word, methodology, and referred to "the mythology for assessing needs". It seemed an appropriate description of these arcane occasions.

Yes, he agreed that all this financial mumbo-jumbo was quite horrifying. But there was no need to despair. His bill replacing the present local authority rating system with the community charge - the so-called poll tax - would be published soon.

Once that became law all of these complicated formulae for assessing the needs of local authorities would be swept aside and replaced by a system of appealing simplicity. In view of this he had no doubt that the Opposition and some of the Tory opponents of the poll tax would troop into the lobby and support that bill.

PARLIAMENTARY SKETCH

As usual his rate support statement brought cries of protest from the Labour benches and a series of horror stories about how the proposals would hit their particular constituencies.

Mr Ridley gave the sigh of a man who had heard it all before. "I am beginning to question what a cut means in Labour language," he observed. If they asked for a programme to be doubled and there was an increase of only 50 per cent then that was presented as a cut of 50 per cent.

Several Tories voiced worries that their areas were losing out financially even though they had kept their spending down. The dampish former Conservative minister Timothy Raison complained that the rate support grant figures lagged behind the growth of population in Buckinghamshire.

Mr Ridley could not be more sympathetic to the plight of Buckinghamshire which he saw as a victim of the present system. That was one more reason why he looked forward to Mr Raison joining him in the lobby to sweep away the whole system when the community charge bill came up for a vote.

Later there were jeers at a Ridley reply to Labour front bench spokesman Clive Soley who wanted to know how the bill would help the large number of private tenants who had been shown by surveys to be dissatisfied with their landlords.

Well, said Mr Ridley, there were those who might have a spare house they were prepared to rent out. That would mean more people coming into the privately rented sector.

JOHN HUNT

Fair competition sought after link-up by BCal

BY TOM LYNCH

ANY LINK between British Caledonian and another airline must ensure fair competition within the UK and tough competition against foreign airlines, **Mr Paul Channon**, the Transport Secretary, told the Commons yesterday.

In Question Time exchanges, he was careful not to comment on the talks between BCal and SAS, the Scandinavian airline, but he told **Mr David Steel**, the Liberal leader: "What I am anxious to do is to encourage fair competition between British airlines and ensure that British airlines are able to compete aggressively against foreign carriers."

Mr Steel urged Mr Channon to give a deal between SAS and BCal "a fair wind with a view to giving Britain a really effective second-force airline". He said the proposed takeover of BCal by British Airways would give the new airline "a 93 per cent monopoly of British air traffic".

Mr Channon told **Mr Robert Hughes**, the shadow Transport Secretary, that any reference of a BCal-SAS deal to the Monopolies Commission was a matter for Lord Young, the Trade and Industry Secretary.

The Civil Aviation Authority had a duty to advise the Transport Secretary if a British airline was no longer under UK control, but he would not speculate on whether he would use his power to revoke route licences under such circumstances.

Mayhew rejects jibes on Spycatcher case conduct

BY TOM LYNCH

SIR PATRICK MAYHEW, the Attorney General, yesterday rejected a charge by **Mr Alex Carlile**, the Liberal legal affairs spokesman, that the Government's handling of the Spycatcher case had made English common law "a laughing stock".

Sir Patrick told MPs at Question Time the Government had made "abundantly clear" the importance it attached to the principle that secret service officers owed a lifetime duty of confidentiality to the Crown.

He also rejected a plea by **Mr Graham Allen** (Lab, Nottingham North) to allow the book to be published and hold a public inquiry into allegations that some security officers had sought to undermine the last Labour Government.

Mr Jonathan Aitken (C, Thanet South), a former journalist who was once prosecuted under secrets legislation, agreed with the principle but criticised the Government's tactics.

If ministers wanted to avoid a repetition of "this expensive grand opera of legal folly", they should issue new guidelines on secrets prosecutions. He wryly suggested they could be published in book form and become a best-seller.

Sir Patrick said work was in progress on a "forceful and reasonable alternative" to Section 2 of the Official Secrets Act.

Tories step up attack over devolution plans

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

THE SCOTTISH Conservative Party yesterday stepped up its counter-attack on Labour's devolution proposals by unveiling results of a survey showing Scottish companies to be overwhelmingly opposed to the creation of an assembly with tax-raising powers.

Some 97.2 per cent of those replying said that they would not invest more in Scotland if an assembly were established "with tax-raising powers, leading to higher rates of corporate and/or personal taxation".

Some 89.7 per cent said they would invest less, and 84.3 per cent said they would review their Scottish operations.

Two weeks ago Labour published a bill, which it hopes will shortly be debated in parliament, to establish an assembly to control internal affairs in Scotland.

The Scottish Conservative Party sent its questionnaire to 1,688 businesses in Scotland. Of these 29.1 per cent sent back usable replies.

"Devolution with tax-raising powers would be a major disaster for Scotland," said Mr Peter Runciman, chairman of the Glasgow-based waste disposal and construction company, Shanks and McEwen, and president of Glasgow Chamber of Commerce, who took part in the Conservative Party press conference.

MANAGEMENT: Small Business

Bridging the gap of theory and practice

Charles Batchelor reports on the growth of enterprise as an academic subject

THE MESSAGE that small business has a useful role to fulfil as a creator of jobs has been acted upon enthusiastically by the academic community in the UK. Academics researching various aspects of the small firms sector made up the majority of the 200 or so people attending the Tenth National Small Firms Policy and Research Conference held in Milton Keynes last month.

The aim of the conference was to bring together the theorists working in the universities and the polytechnics with those at the practical end of the small business spectrum - enterprise agency managers,bankers and accountants. In fact,small business experience is frequently a pre-requisite for a teaching post in the subject so the theoretical and practical worlds are not so far apart.

Representatives from the Manpower Services Commission and the Department of Employment attended the three-day gathering but made no formal presentations. The after-dinner speech by John Cope,the Small Firms Minister,gave no hint of new policy initiatives and its inspirational tone - drawing deeply on the works of Samuel Smiles,the 19th century Scottish author best known for his writings on self-improvement - ill-matched the questioning mood of the conference.

The conference itself,the longest running of its type and organised this year by the Cranfield School of Management,drew academics from a range of disciplines. As an academic subject,small business leads a peripatetic existence,appearing in one institution in the business studies department,in another as an economics offshoot and elsewhere variously as a sub-division of commerce,marketing,management and even as urban and regional development studies.

●*THE TEACHING of enterprise as a subject in schools and universities has been a growth industry over the past decade as schemes have proliferated for exposing pupils and students to the challenges of running their own business.* Despite some progress,there is still a long way to go.

"Careers counselling has traditionally offered choices between jobs that have been created by others and not talked about and ones that people could create for themselves," said Tony Watts of the National Institute for Careers Education & Counselling in a symposium on Education and the Enterprise Culture.

"The system has tended to inculcate an employee culture which does not impart skills but provides paper qualifications which enable you to get a ticket of entry to other bureaucratised systems," he added.

A major problem is that many teachers are reluctant to encourage children to concentrate on narrowly-based profit-making activities,arguing that education has a broader function. Many simply have no experience of industry and are biased against it.

For this reason many schemes offer a wider range of goals than that of simply making profits. They may have a community objective,such as aiding pensioners,or an adventure content - organising an expedition.

How to teach "enterprise" is a further issue troubling educationalists. Some argue that an enterprising approach should permeate all schooling and warn of the danger of slotting it into the curriculum as a two hour subject which can be ignored for the rest of the week. The introduction of a national curriculum,leaving little time for non-core extra subjects,could worsen this trend,some speakers noted.

●MANY LOCAL authorities run programmes aimed at helping small firms in their area,but how effective is this assistance?This was the question asked by Ian Barnes and Jim Campbell,both of Humberside College of Higher Education.

Three quarters of the authorities approached in the course of their study ran schemes to promote economic development, but in many cases there was a cultural gap between the authority and the small firm and few authorities carried out a serious evaluation of their development schemes.

The small businessmen were ready to accept grants or premises provided by the local authority but regarded any more elaborate support as obtrusive.

The quality of advice given by the local authority was often seen as suspect,given the background of the advisers,the researchers found. Many advisers were former planners who had been found another job when the planning department closed down or they were officials from other departments.

At worst these people came from a culture which was resistant to change or saw their role as stopping people from doing things. At best they simply had no experience of small business or understanding of the mentality of the small businessman.

Some local authorities had attempted to overcome this by bringing in advisers with a private sector background but they were often regarded as a threat by colleagues or clashed with the social aims of the authority.

One answer might be to privatise this type of service but would this be successful? After all, the authorities only took over this role because it was not being met by the private sector,Barnes and Campbell noted.

●SMALL FIRMS in Britain are now well-provided with institutional sources of equity and debt finance,according to Paul Burns,Professor of Small Business Development at Cranfield School of Management. The rise in venture capital,the Business Expansion Scheme and increased lending by banks have transformed the position of small business in recent years,he argued.

He acknowledged that these conclusions contrasted with a number of recent studies which have shown that many small businessmen cite lack of finance as a major obstacle to growth and that small firms rely relatively heavily on loans or creditor finance compared with large companies.

There is even evidence that there are more equity funds available than there are business opportunities to invest in, Burns said. Until the stock market crash,at least, many new issues on the Unlisted Securities Market were greatly oversubscribed while venture capital managers frequently comment on the difficulty of finding suitable investments.

Informal research by Burns also showed the banks as major lenders to small firms,with £23.5bn of loans outstanding from the big four clearers - £16,000 for each small firm in the UK - and increasing competition between bank managers for quality business.

"The problem in the UK is no longer ensuring an adequate number of start-ups,it is ensuring that those start-ups have growth potential and,more important,that the owner-manager is willing to strive to see the business grow," Burns said.

●VENTURE capital funding takes too long to arrange and is outrageously expensive when it is provided. This was claimed by Geoffrey Pearce,an independent financial consultant. "It can take six to nine months to get venture capital funds and by the time the money comes in the company has slipped or the market opportunity has gone," he said.

His answer is for the venture capital industry to organise itself along the lines of the Lloyds insurance market. A lead venture capitalist would take a deal on to his books and syndicate it on to others,just as a lead underwriter at Lloyds arranges insurance cover. The use of a standard contract would cut the cost and the whole process could be completed in four to six weeks,Pearce said.

This mechanistic approach contrasts,however,with the current approach taken by venture capitalists to their investments. They stress the individual nature of each proposal and the fact that the money is the least important part of the deal. More significant is the advice they can offer to the management team and that depends on personal contacts.

●THE IMPORTANCE of advice and training is also highlighted in a comparative survey of the performance of companies in Northern Ireland and in the mid-west of the Irish Republic. The survey echoes the belief that it is of greater benefit than cash hand-outs in promoting small firm growth.

Both areas of Ireland benefit from having generous small firms'development agencies - the Local Enterprise Development Unit in the north and Shannon Development in the republic - but on a number of measures companies from the mid-west of Ireland performed better than their counterparts north of the border,the study found.

Twice as many of the products turned out by engineering and clothing companies in the north were criticised for poor quality,according to the study by David Hitchens of Queen's University,Belfast,and Patrick O'Farrell of Heriot-Watt University,Edinburgh.

The north fared less well in the field of *labour skills and attitudes*. Labour turnover was twice as high in Ulster as in Shannon,absenteeism was more of a problem and a quarter of Ulster firms reported difficulties arising from "poor job attitudes" compared with just 7 per cent in the mid-west.

There was also a marked difference in the work experience and qualifications of managers in the two areas. Three-quarters of the proprietors of engineering companies in the mid-west were trained either by multinational companies or in Britain compared with just one in three proprietors in the north.

Questioned about the helpfulness of their local development agency,45 per cent of firms sampled in the north said they were satisfied compared with 78 per cent in the mid-west.

The report recommends that the agencies concentrate more on advice and training. Controversially,it suggests that selective aid for foreign and British entrepreneurs would create more jobs in both Northern Ireland and the republic.

Private company pensions

A useful source of capital

BY ERIC SHORT

A SELF-administered scheme set up to provide pensions is the most tax efficient means of providing company owners and controlling directors with income in retirement.

Pre-funding from current income of the company instead of keeping a director on the payroll after he has stopped working for the company spreads the cost of the pension over the director's working life.

The director pension scheme, known technically as a Small Self-Administered Scheme (SSAS), also provides the company with an invaluable source of capital once its assets have reached a reasonable size.

Pensions schemes generally are regarded as consuming, and effectively tying up, capital from the company. This is the situation with the mainstream company scheme providing pensions for employees.

Here the money is put into the scheme in trust for employees as their deferred pay for retirement. As such any access by the company to those assets should be severely limited.

But with a SSAS, the controlling directors are the owners, the trustees and the beneficiaries all at the same time. Therefore the need to deny access or control of the investments is nowhere near as vital, a fact that the Superannuation Funds Office (SFO) of the Inland Revenue recognises.

So money put into a SSAS is not entirely lost to the company, though the SFO is tightening up on how it will permit a company to use it; the following covers its new proposals:

●The company can borrow money from the pension scheme. The SFO will allow the scheme to lend up to 25 per cent of the scheme back to the company during the first two years of its existence and 50 per cent thereafter;

●The loan must be for a specific purpose. The scheme cannot be used as an alternative to bank overdrafts. However, loans for short-term specific requirements - funding seasonal stock for example - are perfectly acceptable.

●The loan must be on commercial terms - the interest rate being at least three points over base rate and the rate that the company would normally borrow money.

●The term of the loan should coincide with the date of the first retirement - the time when the fund will need cash to buy a pension - or a lesser period.

The SFO would like the loan to be secured, but the Association of Pensioner Trustees - the body representing the consultants and life companies offering or arranging SSAS - are arguing that this is unnecessarily restrictive.

The company pays *interest* net of corporation tax, while the pension scheme reclaims the tax.

Experience so far among existing SSAS arrangements shows a very variable use by companies of the loan-back arrangement.

Some companies have funded expansion from director pension schemes

Some companies have funded their expansion programmes from the director scheme, regularly increasing their loan-backs at each stage of development. Others have never used the facility, still relying on the normal sources of borrowing.

Nevertheless, many companies like the idea of an SSAS as a means of providing an easy alternative, or complement, to the bank manager.

The second major use of an SSAS in meeting the financing requirements of the company concerns property ownership.

Basically, a company's property can be owned by the pension scheme. The company then leases it, paying rent net of tax to the pension scheme, while the pension scheme reclaims the tax.

If the company buys a property direct for, say, *£100,000, it pays the full* cost. If it buys the property through the pension scheme via the contributions, it pays the £100,000 to the scheme, but gets 35 per cent corporation tax relief on that contribution - that is a net cost of £65,000.

If a new building is being erected for company use, then if no Industrial Building Allowances (IBAs) are involved the pension scheme deals with everything.

If, however, there are IBAs, the pension scheme buys the land, leases it to the company, which then erects the building.

Again, all transactions must be on a commercial, arm's-length basis, with the valuer certifying in the transaction that this has been done.

However, the SSAS cannot be used for buying private dwellings, or holiday homes for directors, no matter how good the investment returns.

Another less frequently used facility concerns the pension scheme buying shares in the company.

This facility is of use in a family controlled firm when a member of the family wishes to realise some or all of his or her shareholding.

Instead of the other members of the family having to raise the cash to buy the shares in order to avoid dilution of the family holding, the pension scheme can buy the shares, with the family effectively retaining control.

The purchase has to be agreed in advance with the SFO. The price paid for the shares must be at an arm's-length price; if unquoted, then the firm's accountant or some other qualified professional must ceretify the price as being a fair value. The SFO may well check the price with the Capital Taxes Office.

The SFO would be particularly concerned if any purchase were being used to avoid taxes.

The SFO has been generous and realistic in its dealings with the permissible assets that can be held by a small self-administered scheme.

Yet, despite these concessions, a minority of companies have been abusing the situation, using the scheme for various transactions.

The prime purpose of a SSAS is to provide pensions. A company using its SSAS for purposes beyond that allowed *by the SFO runs the risk of* losing its tax exemption backdated for as many years as the SFO considers necessary and the scheme wound up.

But, properly used, it can provide a valuable source of company finance - a tax efficient reserve fund as well as a pension scheme.

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FT LAW REPORTS

Legislative gap eliminates tax

COLLARD v MINING & INDUSTRIAL HOLDINGS LTD
Court of Appeal (Sir Nicolas Browne-Wilkinson, Vice-Chancellor, Lord Justice Nourse and Lord Justice Nicholls): November 25 1987

A COMPANY can offset double taxation relief against corporation tax liability attributable to foreign income before offsetting advance corporation tax against the reduced total foreign and UK liability.

The Court of Appeal so held when dismissing an appeal by the Inland Revenue from Mr Justice Walton's decision that Mining & Industrial Holdings Ltd (the company) was not liable to corporation tax in respect of the accounting period ending June 30 1980.

Section 505 of the Income and Corporation Taxes Act 1970 provides: "The amount of credit for foreign tax... allowed against corporation tax... in respect of any income shall not exceed the corporation tax attributable to that income."

Section 100 (as unamended) of The Finance Act 1972 provides: "(3) For the purposes of section 505...(6) Where advance corporation tax falls to be set against the company's liability to corporation tax... (a) the company may... allocate that advance corporation tax... to the corporation tax attributable to such of its income... as it thinks fit; and (b) the amount of corporation tax attributable... shall be reduced by so much... as is allocated...; but the amount... allocated... shall not exceed the advance corporation tax that would have been payable... in respect of a distribution... of an amount which, together with the advance corporation tax so payable in respect of it, is equal to that income."

LORD JUSTICE NICHOLLS, giving the judgment of the court, said that the company was a mining finance house. Its taxable profits consisted of UK income, which was not subject to double taxation; and income from foreign sources to which foreign tax was attributable.

During the accounting period ending June 30 1980, the company paid out dividends totalling £2,294,278.

By section 84 of the Finance Act 1972, where a company resident in the UK paid a dividend, it was liable to pay a tax known as "advance corporation tax", which, subject to a ceiling, would be set against its overall liability to corporation tax.

Where arrangements had been made with other countries for relief from double taxation, section 505 of the Income and Corporation Taxes Act 1970 set a ceiling on the credit allowable for foreign tax, in relation to each item of a company's income.

Section 100(6) of the Act provided that in calculating its double tax relief ceiling, a taxpayer company might allocate advance corporation tax to the corporation tax attributable to a particular item of income. The closing words of section 100(6) then set a limit on the amount of advance corporation tax which might be allocated.

The company in the present case paid £983,262 advance corporation tax in respect of its dividends. It made no allocation under section 100(6).

In computing corporation tax, it deducted double taxation relief from its foreign income liability. The total remaining liability, on UK and foreign income, was £756,773. Against that it set advance corporation tax, with the result that no tax was payable.

The essential difference in the Crown's computation was that the set-off for advance corporation tax was made before deducting double taxation relief, leaving the company with an ultimate liability for £254,137 corporation tax.

The Crown's argument was that if the company did not make an allocation under section 100(6), the advance corporation tax was to be allocated to the corporation tax pro rata to each particular item of income, subject to the limit prescribed by the closing words of section 100(6).

Its case failed unless, on the true construction of section 100(6), a pro rata allocation of advance corporation tax was to be implied in the absence of allocation by the company.

It argued that if the implication was not made, section 100(6) was superfluous because there would be no circumstances in which it would be to a company's fiscal advantage to make an allocation.

That was a powerful argument. The court would lean against the construction of a statute which gave no significant scope for the operation of a whole subsection.

However, the force of the argument was weakened by the consideration that something must have gone awry in the drafting of section 100(6). The subsection conferred a power on a taxpayer, but there was no express provision regarding allocation if it chose not to exercise the power.

Had Parliament intended that in such a case there was to be a pro rata allocation, express provision would have been made to that effect. It was inconceivable that such a provision could have been intentionally left to be implied in a taxing statute. Yet on the alternative construction, the subsection had little or no purpose.

The Crown's second main point was that, on the company's construction, a taxpayer was at liberty to opt out of the restriction contained in the closing words of section 100(6).

It was contended that those words were intended to ensure that a double taxation relief claim did not result in an excessive set-off of advance corporation tax against corporation tax. On the company's argument the UK income escaped corporation tax altogether.

That point also had force. It was implicit in section 100(6) that by exercising the power of allocation in a suitable case, a taxpayer would be able to improve its tax position. It was very odd if, by not exercising that power, a taxpayer could obtain a greater benefit by way of set-off of advance corporation tax than that permitted by exercise of what was intended to be a relieving power.

Those points made a formidable case for the Crown. The court was most reluctant to construe the statute so as to give little or no purpose to section 100(6).

The insuperable obstacle confronting the Crown was that, unequivocally, section 100(6) conferred a power of allocation on a taxpayer, and there was nothing to indicate what Parliament intended should be the position if a taxpayer chose not to make an allocation.

The legislative gap was simply too big to justify its being filled by process of necessary implication.

That being so, the company was entitled to calculate its section 505 ceiling without setting off any advance corporation tax against corporation tax attributable to relevant income.

Also, it was entitled, after deducting its credits for foreign taxes, to set advance corporation tax against its resultant reduced global corporation tax liability.

The appeal was dismissed.

For the company: Andrew Park QC (Freshfields).

For the Crown: Stephen Oliver QC and Alan Moses (solicitor, Inland Revenue).

By Rachel Davies
Barrister

Company Notices

British Steel Corporation

U.S.$50,000,000
8⅝ per cent. Guaranteed Bonds 1989

NOTICE OF EARLY REDEMPTION

On behalf of the Issuer, S. G. Warburg & Co. Ltd. hereby gives notice to holders of the above-mentioned Bonds of the Issuer's election to redeem all outstanding Bonds on 15th January, 1988 at par, in accordance with Condition 6(c) of the Bonds.

Consequently on 15th January, 1988 there will become due and payable upon each outstanding Bond the principal amount thereof, together with accrued interest to said date, at the office of:–

S. G. Warburg & Co. Ltd.
Paying Agency, 6th Floor, 1 Finsbury Avenue, London EC2M 2PA

or at the office of one of the other paying agents named on the Bonds.

Interest will cease to accrue on all outstanding Bonds on 15th January, 1988.

Bonds, together with all unmatured Coupons, should be presented for redemption and payment of outstanding interest, failing which the amount of the missing unmatured Coupons will be deducted from the sum due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupons. Bonds and matured Coupons will become void unless presented for redemption and payment within a period of 12 years and five years respectively from 15th January, 1988.

The following Bonds previously drawn for redemption on the dates stated below have not yet been presented for payment:–

15th January, 1987

1	8	13	20	363	634	1495	1607	1613	1923	1931	1938
3358	5259	5564	6458	7367	27062	27617	27623	27629	27636	27642	27647
30152	30327	30362	32185	32190	37909	40053	40060	40065	40072	40078	40084
40090	40096	48014	48021	48027	48033	48039	48045	48052	48057	48064	48070
48077	48082	48088	48095	48100	48107	48113	48119	48125	48131	48138	48144
48149	48156	48162	48645	48689	48800	48805	48812	48818	48825	48830	48837
48843	48953	48959	48964	48971	48977	48984	48989	48995	49002	49007	49014
49020	49027	49032									

15th January, 1986

7	335	1602	1795	1932	21709	30326	30361	33990	48024	48030	48037
48043	48049	48055	48061	48068	48073	48080	48086	48092	48098	48105	48112
48118	48124	48130	48137	48142	48148	48155	48161	48642	48804	48811	48817
48823	48829	48836	48842	48947	48954	48960	48965	48972	48978	48985	48990
48997	49003	49009	49015	49021	49028	49034					

15th January, 1985

6	364	409	418	765	884	892	1102	48690

1st December, 1987

C.ITOH & CO. LTD

ANNOUNCE THE FOLLOWING:
It has been determined at a Board Meeting held on 18th November 1987 that the Interim Dividend for the year ended 31st March 1988 shall be paid to shareholders of record as of 30th September 1987 at the rate of 2.50 yen per share on and after 15th December 1987.
Semi-annual report for six months ended 30th September 1987 will be available at Hambros Bank Limited and Banque Internationale à Luxembourg by the end of December 1987.

HAMBROS BANK LIMITED
1st December, 1987

Plant and Machinery For Sale

Offer For Sale of Secondhand GRAVURE PRESS

We sell second hand rotogravure press - 8 units, reel-to-reel, web width 1.000 mm. with in-line special applications (i.e.: PVDC and hot-melt coating).
Year of manufacturing: 1984
Inspection of plant can be arranged.
Enquiries should be addressed to:

ROTOSTAR - 03024 CEPRANO (FR) Italy - tlx no. 610621 ROTSPA I fax no. 0775/950783 - phone 0775/950041
Contact person: Maria Teresa Ranelli

Contracts & Tenders

**OYO NORTH
AGRICULTURAL
DEVELOPMENT PROJECT
INTERNATIONAL COMPETITIVE BIDDING (ICB)
EARTH MOVING EQUIPMENT
AND VIDEO UNITS**

Loan Number 1858 – UNI

ICB ONADEP 7

THE FEDERAL GOVERNMENT OF THE REPUBLIC OF NIGERIA has received a loan from the International Bank for Reconstruction and Development (The World Bank) in various currencies towards the cost of the Oyo North Agricultural Development Project (ONADEP) in Oyo State of Nigeria. It is intended that part of this loan will be applied to eligible payments under the contract for the purchase of Earth Moving Equipment and Mobile Video Units ICB 7 required for the operation of the project for which this invitation to bid is issued.

ONADEP now invites sealed bids from eligible bidders for the supply of the equipments and Mobile Video Units as specified in the bid documents.

Interested eligible bidders may obtain further information from and inspect the Bidding Documents at the offices of:

(a) Oyo North Agricultural Development Project Headquarters
Aha Road
Shaki - PO Box 278
Oyo State of Nigeria

(b) ONADEP Liaison and Communication Office
Cr 504 Agodi Reservation
Secretariat Road, off Total Garden
Ibadan - PO Box 7300
Oyo State of Nigeria
Telex: 31298 ONADEP NG

(c) Nimrod International Limited
124 Mount Street
Berkeley Square
London W1Y 5HA - UK
Telephone: 01-629 5301/2/3
Telex: NIMROD G

A complete set of Tender Documents may be purchased on submission of a personal or written application from any of the above addresses on payment of Nigerian Naira 400 when purchased within Nigeria or for Pounds Sterling 60 US Dollars $100 - outside Nigeria.

All Bids require Bid Security documents to the value of not less than 5% of the total bid in the format defined in the Bidding Documents and valid for not less than 120 days from date of Bid opening.

Sealed Bids, complete with all attachments and documentation, must be submitted to the Oyo State Tenders Board as stated in the Bid document not later than 10.00 am (local time) on Tuesday 5 January 1988. Tender opening takes place immediately after at the above venue in the office of the Military Governor, Oyo State, Ibadan, Nigeria.

Office Equipment

**MIDLAND BANK PLC
GROUP PROPERTY
DIVISION**

**DEALERS' DESKS
FOR SALE**

(180 POSITIONS NEED TO BE REMOVED BY THE END OF DECEMBER 1987)

PLEASE CONTACT MR R. McALLISTER ON 01 - 260 0533

Public Notices

GADEK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that the half yearly debenture interest of 10% per annum will be paid on 31st December, 1987 to debenture stockholders whose names appear on the register of debenture stockholders at the close of business at 5.00 p.m. on 24th December, 1987.

By Order of the Board
AHMAD SHAHAB B HAJI DIN
RIDWAN BIN MUSTAFFA
Secretaries

Kuala Lumpur
Malaysia
1st December 1987

Art Galleries

MEDICI GALLERIES, 7 Grafton St., Bond St., W1 629 5675. Christmas exhibition with replicas and silks by RECOLLECTIONS. 12 Nov to 24 Dec. Mon-Fri 9-5.30, Sat 9.30-1.30. Late opening 12 & 19 Nov until 9pm.

LEFEVRE GALLERY - 30 Bruton Street, W1. 01-493 2107. An exhibition of works by Edward Burra (1905-1976). 4th November - 18th December, Mon-Fri 10-5, Sats 10-12.30

Legal Notice

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
No. 005142 of 1987
IN THE MATTER OF PARRISH PLC
and
IN THE MATTER OF
THE COMPANIES ACT 1985**

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice, Chancery Division, dated 9th November 1987 confirming the cancellation of the Share Premium Account of the above-named Company was registered by the Registrar of Companies on the 13th November 1987.

Dated 24th November 1987
Clifford Chance
Blackfriars House
19 New Bridge Street
London
EC4V 6BY
Solicitors for the above-named Company

Company Announcement

FennoScandia Limited

Are pleased to announce that with effect from 1 December 1987 their name has changed to

FennoScandia Bank Limited

Personal

EVE has outlived the others because of a policy on fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St., W1. 01-734 0557.

PUBLIC SPEAKING Training and speech writing by award winning public speaker. First lesson free. 01-630 0652.

Whitechapel Gallery/William Packer

Leger: the cubist of the common man

The British art world is not noted for its unanimity or its optimism in such matters, and yet it greeted the recent announcement that Nicholas Serota of the Whitechapel Gallery is to succeed to the directorship of the Tate on the retirement of Alan Bowness next summer with a general and sincere applause. The news was hardly unexpected, for Serota's candidature was signalled long *ago and he was always the favor*ite in a four-horse race: we congratulate the winner and wish him well in taking on the most difficult and thankless job in British art.

Certainly this is not the moment to dilate upon the difficulties that lie ahead, just as we would not warn the fakir, contemplating the bed of nails he soon must mount, that the points are sharp. Similarly the real achievement of Alan Bowness in his nine years in uncomfortable office must wait for a later, more appropriate occasion. But what may be said briefly is that through all his decade or so as its director, Nicholas Serota has first sustained and then enhanced the international standing of the Whitechapel Gallery as an independent institution of the first rank, regularly initiating and receiving exhibitions of the highest quality and critical importance. And within little more than a week of the news of his preferment, we are given yet another demonstration of just why his stock as a curator, and our expectations of him, stand so high.

The Whitechapel's two principal galleries, upstairs and down, are now occupied by a spectacular exhibition of paintings, drawings and cartoons by that pillar of cubism and the modern movement, Fernand Leger (until February 21, then on to the Staatsgalerie in Stuttgart in the Spring: sponsored by the Bankers Trust Company). Entitled *Fernand Leger: The Later Years*, it is exactly that, a study of the work of the artist's last 25 years up to his death in 1955.

Leger was ever the theorist. His critical ideas, and the political principles and ideals that he brought to bear upon his art, have generated a mass of critical study which is inclined to take the purely visual art - the paint on the canvas - as read. The formulaic nature of his imagery that came in time almost to parody itself with its simple, graphic figuration, and its frontal presentation and self-conscious naivety - especially evident in the larger and more public works - merely reinforced that easy superficial response: I must admit that I too have often found his work eminently resistable. But as is so often the case with the work of an artist of real substance, to confront enough of the work at the same time, unencumbered by analysis and interpretation, is to have one's preconceptions confounded.

This does not mean that such exegesis does not have its place - indeed the handsome catalogue with its anthology of essays, is full of it - but only that the work itself must always come first. Here the immediate collective impression is one of liveliness, physical enjoyment and good humour, which subsequent close scrutiny does nothing to disappoint. Usually we are given a final or definitive version of a major compositional series: "Les Plongeurs" (1941) for example, "Acrobates et Musiciens" (1945), "Les Constructeurs" (1950), or "La Partie de Campagne" (1953), which may well be formally simplified and seem somewhat stiff and dull. And yet, set into its proper creative context of sketch and study, large cartoon and full scale variation, the paint fresh and loose, the line free and vigorous, how sure and authoritative each element is within the larger corpus. And how genial and unpompous, light-hearted - and sometimes, how very funny - many of these paintings and drawings are. Whether it is for the girl who has fallen off her bicycle to the benign unconcern of her companions, or the workmen precariously active upon their girders, we sense an affectionate, humane engagement with the subject that goes far beyond any purely principled commitment to the common man and the dignity of his labour.

Leger arrived in Paris in 1900, a little before Picasso who was his exact contemporary. Though he was not quite so quick of the mark in his own career, by the end of the decade he too was a thoroughgoing and sophisticated cubist with an inclination towards a simpler, more colourful and dynamic statement. His interests led him naturally towards abstraction and a flatter, more formal disposition of his imagery. But his experiences as a soldier in the Great War persuaded him that there must be more to art than art alone for its own sake, and, like the futurists and the vorticists a little before *him, he turned to images derived* from mechanical and industrial reference to celebrate the new age of the machine and the common man. The image would be fragmented and rearranged as though it might be no more than pure abstraction, and yet the reference was always clear enough and increasingly recognisable within the graphic convention that Leger developed for himself - *a simplified, monumental, sur*real classicism.

He continued with this double-barrelled trick of figurative *abstraction long after 1930 - indeed for the rest of his life.* But he used it ever more simply, eventually doing no more than overlay and counter the figures by the arbitrary imposition of blocks of colour, red, blue, yellow and green, upon the drawn image. And the figure compositions, given that characteristic graphic convention, return by degrees to a credible and coherent pictorial construction of space and form, with everything in reasonable relation, for the first time since Leger took to cubism as a young man. He *never abandoned cubism just as* he never abandoned his principles, but it is his cubism rather than his politics that makes him interesting. This exhibition, so full of accessible and delightful work, shows us that in end he became what perhaps he had always set out to be, the cubist and modern artist of the common man.

"La Partie de Campagne, 1954, by Fernand Leger

London Sinfonietta/Elizabeth Hall

Max Loppert

The third of Simon Rattle's three concerts with the London Sinfonietta was in three parts, like the first, and over-long, also like the first. But once again the trick of saving the most exhilarating performance for last was played on the audience, who therefore *went away walking on air, all* grumbles forgotten.

This is, of course, the start of the orchestra's 20th birthday season. I can think of no single event likely to cause more widespread rejoicing on that account than Saturday's performance of the complete Stravinsky *Pulcinella*. The Sinfonietta have often played this score (in full or suite form) but never, in my experience, with greater brilliance. It was necessary, during its course, *to remind oneself more than* once that the style of Stravinsky's "time-travelling" neoclassical scores is not easily mastered; the cross-cutting of the modern and the borrowed, the abrasive rhythms and the re-invented Neapolitan lyricism, is a tricky business, and when it fails, the music can sound tiresome indeed.

Rattle and the orchestra made it all sound wonderfully easy, and wonderfully right. The instrumental virtuosity that is a prerequisite for all Stravinsky was abundant - John Wallace's excellently raucous trumpet and John Orford's endlessly long-breathed, witty bassoon demand, unfairly, to be singled out - but never self-conscious or showy; Stravinskyan style was absolutely apt and secure. Rattle took the finale wickedly fast - no *allegro assai* here! - and brought it off with room to spare. The trio of singers was less satisfactory (the Italian of the tenor, Damon Evans, was *fearfully uncertain*), but one was hardly in a mood to mind very much.

Earlier on we had heard Ruggles's *Angels* for brass, brief, knotty, and grave, followed by Steve Reich's Variations for wind, strings, and keyboards - this latter played as an efficient Sinfonietta exercise in beat-counting rather than with the showbiz panache of Reich's own musicians, and therefore a rather lengthy stretch of pretty musical wallpaper.

In the concert's middle section Elise Ross replaced the unwell Cynthia Buchan as the singer of Ravel's Three Mallarme Poems and, to more vivid, vocally confident effect, his *Sheherazade* - though even here the airy, gently coruscating quality of the orchestral playing tended to seize attention from the voice. Hindemith's *Kammermusik III* for cello (Christopher van Kampen) and 10 instruments was the evening's other triumph of exec*utive style. There* was much between-performance platform rearrangement to pass the audience's time; and on a sartorial note, the Sinfonietta's new splash-of-colour dress policy is a bad mistake.

Demidenko/Wigmore Hall

Dominic Gill

After hearing what was in essence his London recital debut last year, I called the Russian pianist Nikolai Demidenko "the *most fascinating* young talent to emerge from the Soviet Union in years." He returned to the London concert platform on Sunday night for a second recital, and *nothing I heard served to contra*dict that first impression.

Last year he delighted us with an assortment of Russian music. This time he played an all-Schubert programme: a monumental offering, framed by the *op. posth.* B flat sonata and the *Wanderer* Fantasy, with the four Impromptus op.90 in between. I am not convinced that that was the wisest arrangement, since his opening account of the B flat sonata was of such original and challenging intensity that what followed – both for him as performer, and for us as audience – inevitably proved something of an anticlimax. But it was a daring proposition, which by and large came off successfully, very nearly came off triumphantly, and at the least offered a wealth of gripping and provocative confrontations all along the way.

His B flat sonata was not in any sense an imitation, but *rather an exuberant extension* and exploration of Sviatoslav Richter's famous interpretation: the first two movements almost unconscionably slow, and of *dreamlike lyrical intensity*; the last two movements powerfully orchestral, jubilant, pungently emphatic. Those who prefer the more effete and ingratiating interpretative manner of certain other "Schubertian" schools may have been surprised, and perhaps offended, by the uncompromising directness and force of Demidenko's playing. I found it both refreshing and exciting: an individual and passionate re-examination of familiar music, flawed to be sure, but a renewal of the most exhilarating kind, delivered with an irresistible sense of adventure.

By the interval I was exhausted: and so in a way was Demidenko, although neither his energy nor his invention were played out – for he continued to *give us many ravishing things* in the op.90 Impromptus (notably in the C minor and the E flat), and much pointed and challenging observation in the *Wanderer* Fantasy. But nothing after the B flat sonata had quite the same intensity of focus: and his choice of encores was odd – what we really needed was a little Scarlatti sonata, or a Rakhmaninov *Etude tableau*, to refresh us instead of that charming but rambling set of juvenile Chopin variations and the Schubert-Liszt *Marche militaire*. But Demidenko will surely be back again soon: and without doubt he is an artist to follow.

Dance in Rome

Freda Pitt

The official label for the dance section of the Platea-Estate Festival in Rome during November was "USA-USSR Dance." However, a single company represented each half (I reported on the Riga Opera Ballet's visit last week) with Dennis Wayne's "Dancers" - of many nationalities - the American one.

Like many other small companies, this one is stronger on the performing than on the creative side. The works by Wayne himself are negligible in content, though creditably danced. William Soleau's tedious brief scene *to* Bartok's music, *Edges*, had most of the audience on edge, and I was disappointed by both pieces choreographed by Donatella Capraro and Marcello Parisi *of the interesting Cantanio group* Efesto. They both showed a lack of musical sensitivity: *Humi Procumbere* (a solo performed by Wayne) used only part of Beethoven's Seventh Symphony, and the version of *The Rite of Spring* setting only the concluding section of Stravinsky's great score.

*

American dance in a more "modern" vein was present during the same week at the Teatro Olimpico, where Carolyn Carlson inaugurated the dance season of the Accademia Filarmonica Romana with her 75-minute ecological solo *Blue Lady*, to a repetitive but not disagreeable (recorded) score by her husband Rene Aubry, and with an attractive Sky-and-tree set by Frederic Robert. This inward-looking *work is one of Carlson's pieces of* homespun philosophy, nostalgically extolling the joys of the great outdoors: "I wish I were a tree," ran the accompaniment at one point.

Carlson has a wide following in France because of her work at the Opera, and in Italy largely because of her sojourn at the Teatro la Fenice in Venice. As a result, her recent appearances in the same work at the Theatre de la Ville were much applauded, and the Rome audience followed suit. Her idiosyncratic choreography is short-breathed, with manic arm movement in particular, but she certainly has envi*able stamina*.

*

Unluckier than the Riga company in the choice of repertory, the Budapest State Opera Ballet had the advantage, on the other hand, of appearing at the Opera House, though even there to recorded accompaniment. The opening *Rossiniana* , with choreography by Antal Fodor, showed off the company's brilliant technique, with Tibor Eichner and Ildiko Pongor to the fore, and they obvioulsy enjoyed dancing Jiri Kylian's jokey *Symphony in D*.

But neither of the ballets by Laszlo Seregi proved sufficiently substantial for a centrepiece. Castillo Dolores and Edit Szabadi were in no way to blame for the impenetrable gloom of the Hindemith *Musica da Camera No l*, *nor was the cast lacking in* expressiveness in the Dohnanyi *Variations on a Children's Song*, which I had previously seen performed by the Scala Ballet during Paricia Neary's Tenure. In Rome it was the third of four slight works, evidently chosen because they required hardly any scenery and only a limited number of dancers. I hope to see them again in as rewarding a production as that of Ashton's *Fille Mal Gardee*, which they danced so magnificently in Trieste last winter.

We must, though count our blessing, for we are unlikely to see another important classical *company in Rome this season*. The Kirov Ballet is due to visit several Italian opera houses next spring, but the capital's is not among them.

Dona nobix pacem/Festival Hall

Max Loppert

The combination of Andrew Litton and the London Philharmonic Orchestra on Sunday evening produced a curious programme mixture - Mendelssohn, Bach, Vaughan Williams - but some *splendidly vigorous* stretches of music-making. Mr Litton, the young American conductor who has already become a regular feature on English orchestral schedules (he takes over as the Bournemouth Symphony's principal conductor next year), is a musician of uncommonly wide interests and uncommon liveliness. One should not have been surprised to find the Vaughan Williams *Dona nobis pacem* (1936) in his *repertory*; but it was indeed a pleasant surprise to find the performance itself so free of routine or plod.

All the same, and in spite of *crack orchestral* playing, incisive, firm-toned choral singing (the LP Choir is on revivified form these days), and moving solos from the soprano Edith Wiens and the baritone John Shirley-Quirk, the verdict of the New Grove on *Dona nobis pacem* seemed about right: "less than a masterpiece." In a very real and remarkable manner it prefigured, and has been eclipsed by, Britten's War Requiem. Among their many similar features - too many, indeed, *to* be catalogued here - is the blending of the Latin Mass Ordinary, texts from the Bible, and poetry (in this case, Walt Whitman); the movement from anxiously prayerful, war-fearing, martial, and elegiac moods through to a concluding spirit of reconciliation is also shared (albeit in very different ways) by both works.

But except in the long central movement - "Dirge for Two Veterans," a gentle, simply lyrical choral lament with side-drum commentary - the guiding spirit of *Dona nobis pacem* seems oddly at variance with its words. A Choral Soc. mood, at once complacent, predictable, and *grey*, hangs over the dramatic gestures and the unambitious orchestration (odd to recall how closely in time this cantata follows the Fourth Symphony, with *its profoundly imagined violence* of images and sounds). The end is too easily reached and achieved; one never doubts the sincerity of the composer, but if *in the face of the horrors of war* "All a poet can do today is warn" (the Wilfred Owen phrase lying at the heart of the War Requiem), Vaughan Williams's warning must be judged something of a poetic failure.

The concert had got off to a delightful start with eight pieces from the Mendelssohn *Midsummer Night's Dream* incidental music. The LPO's rhythmic attack was always light and springy, the rapturous fantasy of Mendelssohn's woodwind writing appreciatively surveyed, the solo (Mmes Wiens and Sarah Walker) and choral singing delicately entwined. Mr Litton took both the Scherzo and the Intermezzo too fast for impeccably clean articulation, but it was easy to sympathise with the spirit of impetuous, unsentimental energy that underlay his misjudgment. Between Mendelssohn and Vaughan Williams came an off-colour account of the Bach E major Violin Concerto from *Mayumi Fujikawa, sluggishly* accompanied - this was, I guess, the least well-rehearsed part of the programme.

'Wind in the Willows' at the Vaudeville

Ratty, Mole, Badger and Mr Toad will be in London this Christmas at the Vaudeville Theatre, where *The Wind in the Willows* will run from December 9 to January 9

Sinopoli/Festival Hall

Dominic Gill

Giuseppe Sinopoli has been working very hard over the past year at the problem of his left hand. These days, when he conducts the Philharmonia, his left *hand is less likely to imitate the* right as slavishly or as uncontrollably as it used to; it is beginning *to* have a life of its own. The role, however, is not yet *fully developed: for Sinopoli's* left hand, while the right beats time, is now concerned principally with confirming what has just happened.

A moment or so after a significant crescendo or decrescendo, the left hand will give a signal to indicate that it has been successfulyl achieved. Just after a notable crack of the timpani (the less notable ones go unremarked), it will pop out to indicate that that is indeed what we have just heard. From time to time one sees conductors who appear to be following rather than leading the orchestra, and it is always an uncomfortable experience. But I *do not remember seeing before* that role-reversal quite so vividly or precisely illustrated as it was by Sinopoli (and by his deeply problematic left hand) with the *Philharmonia Orchestra* on Saturday night.

The programme was framed by Mendelssohn's *Fingal's Cave* overture and Dvorak's New World symphony. It was more satisfying to concentrate on the centrepiece, a touching and beautifully rounded account of Schumann's violin concerto by Gidon Kremer. If Sinopoli had succeeded in putting even a tenth as much expressive intelligence and intensity into his direction of the concerto as Kre*mer put into his violin playing*, it would have been a real performance. As it was, it was only partly (although that part richly) a delight – a tale of exquisite eloquence, unfolded by Kremer's violin alone to a cardboard orchestral backdrop.

In some respects that was an advantage for Kremer, since any decent playing in such a grey and flaccid interpretative context must shine brighter – and Kremer's interpretation was more than decent. I loved his quiet melodic inflections in the first movement (which can sometimes sound lumpen with *too strident or anxious a soloist*), and especially his loving way with the slow movement – no dark-throated melodramatic shades of Georg Kulenkampff here, *but* only the simplest and most directly unselfconscious Schumannesque lyrical proposition, argued without a trace of affectation.

Star cast for 'You Never Can Tell' at the Haymarket

Michael Horden, Irene Worth and Michael Denison will star in Bernard's *Shaw's You Never Can Tell* at the Theatre Royal, Haymarket from December 18 for a limited season.

Directed by Toby Robertson and mounted earlier this year at Theatre Clwyd, Wales, other cast members include Frank Middlemass, Derek Waring and Jenny Quayle.

Arts Guide

November 27 - December 3

Music

PARIS

Les Musiciens Amoureux. Tchaikovsky, Mussorgsky,Shostakovitch (Mon). Comedie des Champs Elysees (47203637).

Orchestre National d'Ile de France. Gala evening for the Concours Long/Thibaud (Mon). Theatre des Champs Elysees (47203637).

Ensemble Orchestral de Paris conducted by Wolfgang Doerner. Stephen Bishop Kovacevich, Piano: Michael Haydn, Beethoven, Dietmar Schermann, Haydn (Tue). Salle Pleyel (45630796).

Jessye Norman recital. Geoffrey Parsons, piano (Tue). Theatre des Champs Elysees (47203637).

Jean-Marc Luisada. Schumann, Faure, Chopin, Shinji Urakabe (Wed). Theatre des Champs Elysees (47203637).

Orchestre de Paris conducted by Jeffrey Tate, Mitsuko Uchida, Piano: Wagner, Bartok, Dvorak (Wed, Thur). Salle Pleyel (45630796).

Alexis Weissenberg, Piano. Schubert, Rachmaninoff (Thur). Theatre des Champs Elysees (47203637).

ITALY

Milan, Chiesa di S Simpliciano. The Voci Bianche of La Scala singing Palestrina, Mozart and Benjamin Britten's A Ceremony of Carols conducted by Gerhard Schmidt Gaden (Mon) (80 91 26).

Rome, Auditorium in Via Della Conciliazione. Eleazar de Carvalho conducting Weber's 2nd piano concerto, with pianist Lya de Barberiss, and Villa Lobos (Mon, and Tue). (6541044).

Bolgna, Teatro Comunale. Vladimir Redoseev conducting Ibert and Giacomo *Manzoni and Tchaikovsky* (Tue). (529999).

TOKYO

Tokyo Bunka Vienna String Quartet, Mozart, Beethoven. Kaikan Recital Hall. (Mon) (498 5890).

Tokyo Akademiker Ensemble, Vivaldi, Porpora, Schubert. Tokyo Bunka Kaikan Recital Hall. (Wed) (263 4388).

Slovak Philharmonic Orchestra, Smetana and Dvorak. Hitomi Hall, Showa Women's College, Sangenjaya. (Tue) (237 9990).

New Japan Philharmonic Orchestra conducted by Masaaki Inoue. Roussel, Gershwin, Villa Lobos, Ravel. Tokyo Bunka Kaikan. (Tue) (499 1531).

Opera and ballet

LONDON

Covent Garden. Royal Opera. Eva Marton gives her first London Tosca in the current revival, with Peter Dvorsky (Cavaradossi) and Ingvar Wixell (Scarpia). Guiseppe Sinopoli conducts. Final performance of the new production by Elijah Moshinsky of Mozart's Entfuhrung, a messy, friendly show unevenly sung (Kurt Moll's Osmin outstanding) and rather briskly conducted by Georg Solti. (240 1066).

Coliseum. English National Opera with more performances of two Jonathan Miller productions - the final run of the famous Mafia-style *Rigoletto modernization*, in excellent form, and the new Barber of Seville, with Della Jones and Alan Opie, conducted by Mark Elder. (836 3161).

PARIS

Paris Opera. Norma alternates with Macbeth.

Theatre de la Ville. Monnier-Du*roure's Mort de Rire, where ridicule* tries to exorcise the terror of death. (42742277).

Forum of the Centre Georges Pompidou. Valis, a multidisciplinary *opera by Tod Machover and Cather*ine Ikam based on science fiction, uses the latest technology in transformations of sound and image. (42771233, Ext 4843).

WEST GERMANY

Berlin, Deutsche Oper. Turandot in Gotz Friedrich's production features Linda Kelm, Maria Teresa Beinoso and Peter Gougaloff. Tannhauser has a strong cast with Janis Martin, Spas Wenkoff and Andreas Schmidt. Madame Butterfly has Raina Kabaivanska, Giorgio Merighi and Yoko Nomura. Also Oedipus, composed for the Berlin Opera by Wolfgang Rihm and Katja Kabanowa. (34381).

Hamburg, Staatsoper. Il Trovatore stars Natalia Troitskaya, Fiorenza Cossotto and Wolfgang Brendel. Le Nozze di Figaro is a joint project between Hamburg and Salzburg *Mozarteum. with a cast that* includes Linda Plech, Deborah Massell, Ralph Houston and Peter Galliard. Die Verkaufte Braut has fine interpretations by Linda Plech, Dieter Weller and Kurt Moll. Carmen, sung in French, takes the leads Ruza Baldani, Rachel Joselson and Harald Stamm. Der Fliegende Hollander rounds off the programme. (351151).

Cologne, Opera. Hellen Kwon leads a strong cast in The Magic Flute. Die Meistersinger von Nurnberg, conducted by Peter Schneider, has *Nadine Secunde, Bernd Weikl, Rob*ert Ilosfalvy and Georg Volker in the main parts. Also in repertory are Hansel und Gretel, Tannhauser and Eine Florentinische Tragodie/ Gianni Schicchi. (20761).

Stuttgart, Wurttembergisches Staatstheater. Madame Butterfly has Awilda Verdejo, Nancy Shade and Michael Sylvester. Die Entfuhrung *aus dem Serail features Tomoko* Nakamura, Yasuko Kozaki and Helmut Berger Tuna. Hansel und Gretel is again added to the programme. (20321).

Munich, Bayeriche Staatsoper. Gotterdammerung, produced by Nikolaus Lehnhoff, stars Ute Vinzing, Lisbeth Balslev, Cornelia Wulkopf, Rene Kollo and Martti Salminen. Macbeth will be conducted by Guiseppe Patane. The week's highlight is Cardillac with Maria de Francesca-Cavazza, Doris Soffel, Donald McIntyre and Norbert Schund. (21851).

ITALY

Rome, Teatro dell'Opera. Rimsky-Korsakov's La Sposa Dello Zar conducted by Matislav Rostropovich and directed by his wife, Galina Vismevskaia, with scenery and costumes by Zack Brown. In the cast are Lajos Miller, Stevka Mineva, Dimiter Petkov, Vjaceslav Polozov and Sylvie Valaire. (46 17 55).

Florence, Teatro Communale. Z effirelli's production of La Boheme is conducted by Carlos Kleiber. (2779236).

Bologna, Teatro Comunale. New and somewhat eccentric production of Rheingold, excellently sung (in German) by Hermann Becht, Anne Gjevang, James Johnson, Helmut Pampuch and Hermann Winkler Peter Schneider conducts. (529999)

Naples, Teatro San Carlo. Donizetti's *Roberto Devereux (composed for* the San Carlo and first performed here on 29 October, 1837), with Katia Ricciarelli, Alberto Cupido and Martha Senn, conducted by *Gustav Kuhn*. (417144).

Naples, Teatro Olimpico. Pilobolus Dance Theatre of New York in Bonsai, Televisitation, Ocellus and Carmina Burana. (383304).

Saleroom/Antony Thorncroft

Hit and miss affairs

Phillips kicked off London's week as the centre of the international trade in Impressionist, modern and contemporary art with a sale of important 19th and 20th century sculpture yesterday afternoon. It was a hit and miss affair. Bartman, the London dealer, paid £99,000, in the middle of the estimate, for the top lot, "L'age d'Airain," a 105 inch high sculpture, in plaster, of a male nude by Rodin, executed around 1876.

But two bronzes by Rodin, "Mouvement de danse A" and "L'homme qui marche" were unsold at £72,000 and £68,000 respectively. Fortunately a Japanese dealer was a more active buyer, acquiring four of the first fifteen lots on offer, and paying £26,400 for "Venus a la pomme," a 23 inch high bronze, which Richard Guino executed under the direction of Renoir in the summer of 1913. "La Maternite," made in the same manner, sold for £13,200.

As ever tribal art proved a difficult market for the salerooms yesterday. Sotheby's had a rou*tine auction* which produced an above routine unsold percentage of almost 47 per cent, with a total of £207,482. In particular there was little interest shown in Yoruba carvings, in textiles and in ivories.

A consortium of dealers ganged *together* to pay £33,000 *for a Maori* wood post figure of Poutokomanawa. It has a dark brown patina but with traces of European varnish. The same sum secured a Kongo wood fetish figure, known as Nkonde, which had been in the Hamburg Museum. The price was at the low end of the estimate. It was bought by an Italian collector.

He also secured a Lega ivory head for £13,200. An Amsterdam dealer, Eskenazy, paid £12,100 for a Solomon Islands model war canoe, which had been collected in the mid 19th century and brought to Europe. A Baule wood figure sold for £7,700.

There was a minor auction of continental ceramics at Christie's which totalled £151,041 but with 32 per cent unsold, including the top lot, an Urbino pilgrim flask made around 1580 and bought in at £6,000. An Italian dealer Ugolini paid £6,050 for an Urbino Istoriato tazza made around 1540. A Hochst group of Galatea and Silvio, modelled by Laurentius Russinger, sold for £4,400 as did a pair of Berlin dessert plates of around 1790.

Tomorrow, at 12.30, Phillips is selling the contents and associated fittings of a 19th century chemist's shop, known as Dwelly's, at 33, Park Street, Chatteris, Cambridgeshire, which has hardly been disturbed since Victorian times. The display cabinets date from that period as does the counter top, the scales, jars, and the ledgers. There are also some items of stock dating back to around 1910, including cases of Straw hat polish and dye.

FINANCIAL TIMES

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Tuesday December 1 1987

The debtors get together

IF ONE believes in the market, does one have to accept the market's valuation of debt? That is the immediate question posed at a summit meeting of eight Latin American developing countries - Argentina, Brazil, Colombia, Mexico, Panama, Peru, Uruguay and Venezuela - last week in Acapulco, Mexico.

The answer is that one does not have to accept the market's valuation. Nevertheless, the very fact that the question is raised by a group owing $350bn (£193bn) suggests that the long-feared "debtors' cartel" is more than a cloud on the horizon. The political reality of common frustration, even desperation, needs to be taken seriously, even if the ideas themselves do not.

Mr Enrique Eglesias, the respected Uruguayan Foreign Minister, put the point with particular clarity. "The market says the Latin American debt is not worth $400bn but $200bn. You have two ways of responding to it; reduce the interest rate or reduce the stock (of debt). If we believe in the market, then why don't we follow it?" But since the principal reason for the discount in the market is the low probability that the debtors will service their debt, the argument that the debt should be written down to the market's valuation is unacceptable.

Similar calculation

However feeble the argument, the path of negotiated compromise is becoming steeper. Indebted countries countries could, of course, service the debts or even pay them off altogether if they wished. The problem is that the political costs of such co-operation have risen to prohibitive levels.

From the borrowers' perspective, a failure to service debt in full threatens neither present nor future transfers, since the former hardly exist and the latter are not anticipated. Meanwhile, continued debt service is seen as undermining both economic growth and political stability.

The developing countries know that the creditors have made a similar calculation, as evidenced by the market discounts and the general provisions made by commercial banks against third world debt. Why suffer the domestic political turmoil of servicing debt, it is asked, when the creditors do not even expect you to do so?

Have the stock market crash and the consequent fall in the dollar altered these calculations? Not by much, it would appear. Developments so far are favourable to the indebted countries, especially the declining interest rates and dollar, but a recession would be damaging, because any hope for a sharp recovery in the terms of trade of commodity exporters would disappear.

Surplus savings

Some of the ideas canvassed at the meeting were radical. President Raul Alfonsin of Argentina, for example, suggested that the main demand should be for a 4 per cent ceiling on interest rates, roughly half current levels on variable interest debt. Neither this idea nor a demand for unilateral measures was reflected in the final communique, which merely committed members to show solidarity with countries that "could find themelves obliged to take unilateral measures." But even without a formal "debtors' cartel" managing the debt crisis is likely to become increasingly difficult, just when the fall in the stock markets has made recapitalisation of banks more costly.

At the same time, there is an important new argument for action on the debt burden of developing countries. Adjustment of the US external account is now likely to be quicker than before. At the same time, the surpluses of Japan and West Germany are highly unlikely to disappear, even if that were desirable. If recession is to be avoided and the world's surplus savings to be used wisely, lending to developing countries needs to be be restored.

If the indebted countries and the banks are left to solve the problem on their own, a satisfactory resolution looks impossible. What is missing is statesmanship in the major developed countries which are, after all, in significant measure responsible for the problem. But when the US finds it difficult even to pay its subscription to the OECD, the body that is the legatee of the Marshall Plan, it is difficult to believe that anything comparable will now be forthcoming - before it is too late.

Clear victory for Mr Ozal

THE TURKISH election result is bound to be welcomed by Western governments in their capacity as Nato allies, and wholeheartedly by those that genuinely wish to see Turkey as a member of the European Community.

For the second time since the military coup of 1980 the Turkish people have been invited to choose their government, and this time the choice was much more open and genuine. Parties representing all parts of the Turkish political spectrum except the extreme left were allowed to compete, including those led by the political leaders of the 1970s, who until this September had been arbitrarily excluded from politics.

The Motherland Party of Mr Turgut Ozal, whose victory in 1983 was widely and plausibly attributed to its being the nearest thing to an opposition party that the military leaders were prepared to tolerate, has this time won a clear victory in its own right, on the basis of its record of four years in government; and the advocates of both political Islam and authoritarian nationalism - Mr Necmettin Erbakan and Col. Alparslan Turkes - have fallen short of the 10 per cent barrier required for seats in parliament.

Continuous pressure

Henceforth the government of Turkey can be considered not only civilian but broadly legitimate in democratic terms, and there seems a strong prospect of political stability for at least the next five years, without need or pretext for the military intervention which had become a depressingly regular decennial event. Moreover it is a government whose policies, especially in the economic field, command wide sympathy in Western political and financial circles. Mr Ozal, an economist by training, has made a radical break with Turkey's autarkic and statist traditions, embarking on a programme of deregulation, privatisation, and above all opening the Turkish market to foreign investment and foreign competition.

So far so good. But it would be naive to suggest there are no pitfalls ahead. To take the most obvious first, the present favourable political and economic conjuncture is very largely the single-handed creation of Mr Ozal himself; and there is real doubt, after his triple bypass operation earlier this year, how much longer his heart can stand the continuous pressures of high office.

There are somewhat similar doubts about the Turkish economy. The high growth rates of recent years have been achieved at the price of high inflation and persistent payments deficits. The country's debt service ratio remains at around 40 per cent. Clearly something drastic needs to be done to shift resources into export industries, away from domestic consumption. The new central bank governor, Mr Rusdu Saracoglu, has been loudly advocating a switch to tighter fiscal and monetary policies. Mr Ozal now has the political authority to make that switch, but he may be reluctant to sacrifice the high growth rate, and to incur the odium of proving his political opponents even partly right.

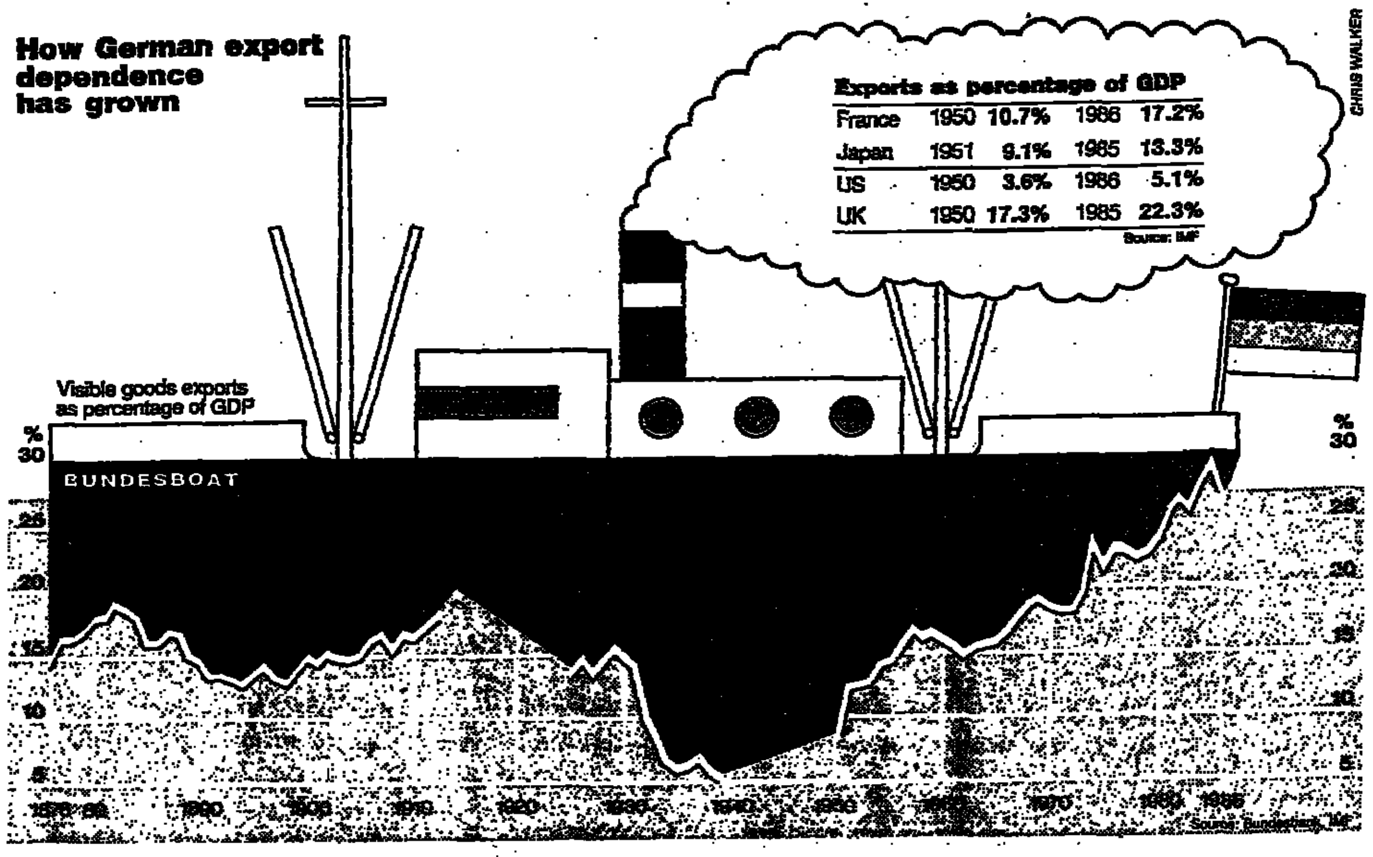
Emergency powers

Nor is everything perfect in the highly sensitive area of human rights. Amnesty International continues to regard the use of torture in Turkey as "widespread and systematic", and still has a a list of several hundred Turkish "prisoners of conscience" - that is people held in detention for political acts not involving the use or advocacy of violence. The recent arrest of two far left leaders who returned voluntarily to Turkey, neither of them involved in violence, contrasted with the freedom restored to Colonel Turkes whose party was responsible for much of the violence in the 1970s, and took some of the democratic lustre away from the electoral process.

Mr Ozal's power is undoubtedly based on wide popular support but it is also buttressed by a panoply of emergency powers and restrictions as well as an uneasy alliance with the armed forces, not all of whose leaders are reconciled to a life of pure political neutrality. His regime is reminiscent in some ways of that of the late Adnan Menderes in the 1950s, which became gradually more demagogic and less popular as time went on, and ended in a military coup that was widely acclaimed at the time as a democratic revolution. There are no positive reasons to think history will repeat itself, but insufficient reasons as yet to feel wholly confident that Turkey has made a definitive transition to full democracy.

West Germany claims it has little room for manoeuvre in the face of mounting criticism of its economic performance. David Marsh reports from Bonn.

In the dock - with a plea of helplessness



GERHARD STOLTENBERG, the West German Finance Minister, facing a tide of criticism from home and abroad over the slowdown in western Europe's largest economy, likes to resort to a classic defence - helplessness.

In a debate in the Bundestag last week, Mr Stoltenberg promised "proposals", soon, to boost growth. Likely to centre on a programme of investment credits for government authorities and small and medium-sized companies, the measures are due to be finalised by the Bonn cabinet tomorrow. But he quashed any question of significant fiscal policy action. He pointed out that the Government was caught between persistent domestic and international demands for a budget stimulus, and equally nagging worries about climbing public sector deficits.

With the outlook made significantly more gloomy by the fall of the dollar and of international stock markets during the last six weeks, the West German economy is forecast to grow next year by just 1.5 per cent by both the Organisation for Economic Co-operation and Development (OECD) and Bonn's independent council of economic advisers, the so-called "five wise men". The OECD believes its projection could be on the optimistic side if the dollar drops further.

Both for its own economic good and to help improve prospects among its trading partners, West Germany needs to take corrective measures.

But Mr Stoltenberg's room for manoeuvre is very restricted. And, as indicated by the latest fall of the dollar to a record low against the D-Mark yesterday, the foreign exchange markets, in their present nervous mood, are only too quick to sanction political indecisiveness in Washington and Bonn.

The D-Mark looks certain to come under more upward pressure unless West Germany takes concrete steps to reduce its huge current account surplus. And another substantial dollar fall, which would probably spark off a speedy D-Mark revaluation against currencies in the European Monetary System (EMS), would further depress West Germany's already stagnating sales abroad - with dire consequences for an economy where goods exports account for over a quarter of total output.

The threat has to be put into perspective. Even with the dollar below DM1.70, large parts of West Germany's export-orientated industry remain highly competitive. The latest business confidence survey of the Ifo economic research institute showed an unusual degree of industrial optimism. Additionally, the chairmen of BASF and Bayer, the two big chemicals groups, last week argued persuasively that their companies would be able to weather any coming currency storms.

None the less there has been a wave of disquieting news. This ranges from the announcement last week of further large job cuts in the steel industry, to short-time working at the Porsche sports car manufacturer. One government official said yesterday it was only "a question of time" before machine tools companies heavily exposed to the US market face Porsche's difficulties.

On Thursday, Mr Eberhard von Kuenheim, chairman of BMW, became the latest in a string of top businessmen to criticise the lack of leadership in the Christian Democrat-led government of Chancellor Helmut Kohl.

Already, leading industrialists are reporting postponements in investment decisions because of uncertainties over the D-Mark. Slower economic growth, by depressing tax revenues and increasing unemployment benefits and subsidies, would automatically further increase West Germany's public sector deficits - completing the vicious circle closing in on Mr Stoltenberg.

The deficit of the federal, state (land) and local governments is likely to rise to DM54bn this year from DM42bn in 1986, according to last week's report of the "wise men".

The report projects a deficit of DM66bn next year. And it is likely to total DM85bn in 1990, even on fairly optimistic economic growth assumptions, on the basis of Mr Stoltenberg's plans to give the economy a boost that year through a net DM20bn in tax cuts.

That would be, in nominal terms, well above the DM76bn deficit in 1981, the last year of the previous Social Democratic Party (SDP)-led government - which was assailed by the Christian Democrats as financially irresponsible.

Keen to get its own back, the SPD itself has added to Mr Stoltenberg's discomfort by baptising him "Dr Schuldenberg" (Dr Debt Mountain).

But anxieties about possibly inflationary debt burdens in coming years are obviously felt most keenly among the Government's conservative supporters. The Bundesrat (federal council), controlled by the CDU-run states (Laender), would almost certainly block any attempt to bring the planned 1990 tax cuts forward to 1989. Such a tax-cutting move would placate international financial opinion, and is favoured on domestic policy grounds by some leading Bonn economic officials. But Mr Martin Bangemann, the Economics Minister, bluntly ruled it out last week as politically impossible.

While Bonn agonises over fiscal policy, the Frankfurt-based Bundesbank has moved up to the front line to try to quell D-Mark unrest. In view of the 51 per cent of West German trade carried out with other EC countries, the Bundesbank is far more interested in avoiding a flare-up in the EMS than in attempting to stabilise the dollar.

With its eye both on helping the French franc in the EMS as well as on supporting the domestic economy, last week the Bundesbank unexpectedly cut its key money market intervention rate, on banks' one-month repurchase agreements, by 0.25 points to 3.25 per cent.

A cut in the 3 per cent discount rate now seems a strong likelihood, and could be made as early as Thursday. Over more than a century of German central banking, the discount rate has only once - for eight months in 1959 - gone below 3 per cent.

The Bonn government can claim with some justification that the present world economic malaise stems mainly from the past policy mistakes of the Reagan administration.

But, in the wake of the accord on reducing the US budget deficit in Washington 11 days ago, the responsibility of making the next move to support the international economy has now passed to West Germany.

Japan, which bore the brunt of calls last year to adjust world economic imbalances, is now performing much more satisfactorily - increasing the squeeze on the Germans. According to the latest OECD forecasts, as a result of fiscal stimulus packages agreed in autumn 1986 and this summer, real domestic demand in Japan is set to grow by 4 to 5 per cent next year.

In contrast, West German domestic demand is expected next year to grow by 2 to 2.5 per cent.

Although import volumes are expanding faster than exports, this is not enough to bring about a quick correction in the German current account surplus. The OECD is projecting a surplus of $37bn next year, about the same as in 1986, against $43bn in 1987. And at the meeting in Paris earlier this month of its economic policy committee, the OECD irritated the German delegation by emphasising that Bonn could learn from the Japanese example.

Stressing that other European economies such as Britain, Italy, Spain and Portugal are growing appreciably faster than West Germany, a senior OECD official says Washington's perennial call for a Bonn stimulus is now joined by the EC. "West Germany has to get domestic demand up, or the D-Mark up, or a bit of both." He adds, "I don't think the rest of the world will accept that German imports should be growing so slowly."

Even Japan is now puzzled about policies in Bonn. "Why is Germany satisfied with 1.5 per cent growth?" asked Mr Tetsuo Kondo, until recently Tokyo's Minister of State for Economic Planning, while visiting West Germany last week. "To avoid a downturn (caused by a fall in the dollar), they should be ready to think of a way to counter the effects," he said.

In fact, policy-making is in an impasse. One senior continental European central banker admits he is "very worried" about the blockage in Bonn. He points out that the public sector deficits are rising now because of the slowdown in the economy, not because of discretionary fiscal action.

But any stimulatory tax cuts or spending increases would lead to increased public borrowing and play into the hands of the SPD - countering the previously-proclaimed Stoltenberg strategy of progressively reducing deficits.

"Their whole propaganda has been based on something different," says the banker. "I don't see how they are going to take a substantially different stance."

Along with deep-seated problems caused by structural rigidities the massive export-dependence of the West German economy appears to be a central cause of its present growth dilemma. The shift of resources into the export sector, concentrated on manufacturing industry, has kept important parts of the domestic economy - services, for instance - relatively under-developed and limited import-absorption capacity.

This keeps the economy ticking over well when the rest of the world is sucking in imports. But it makes West Germany prone to severe shocks when - as in the 1981/82 recession and, possibly, in 1988 - the world economy as a whole starts to run out of steam.

The central banker quoted above puts the problem graphically. "They (the Germans) have been so damn lucky. They have not had to use their own domestic policies to stimulate growth. Someone else has always been making mistakes - France, Britain, the developing countries, the oil producers, the US. Even since the US started to slow down, there have been some domestic booms in the UK and Italy."

But now, he says, "all these things will disappear - and for the first time, I don't see where on earth demand for German goods will come from."

The shift to exports has built up over 30 years. After the Second World War, it partly reflected the country's attempts to make a fresh start. In a speech in New York two weeks ago, in which he also fiercely criticised Bonn's economic policies, Mr Edzard Reuter, the chairman of Daimler Benz, said the post-war export drive was "an important way of regaining international independence and respect after the ignominy of Hitler's atrocities."

During the past two decades, however, and especially since 1981, the growing export share of gross domestic product - and the country's increasing external surpluses - have largely been a result of economic growth running regularly below the OECD average.

Now, the export share of GDP is not only four times the level in 1930s-Germany (see chart). It has also grown faster, in both absolute and relative terms, than the other major countries. The muscular export performance may also have been helped by a real (inflation-adjusted) value of the D-Mark which, if anything, has been kept relatively low during most of the period of floating exchange rates.

Partly because he believed all too doggedly during the last few years that economic growth would automatically stem from the decline in German inflation, the present policy conundrum seems to have taken Mr Stoltenberg by surprise.

Many German economists argue that the Government should take discretionary action - such as bringing forward the 1990 tax cuts - to boost public borrowing, rather than see higher deficits forced on it anyway as the automatic consequence of recession.

In view of the rising alarm over rising public borrowing, it may already be too late to take their advice. In the light of the only limited stimulus measures likely to be unveiled by the government on Wednesday, the course of the German economy in 1988 will effectively be determined not by Bonn, but by the foreign exchange markets.

Men and Matters

An open and shut case

West German shoppers may be in for a trying Christmastide as a result of threatened strikes by retail workers' unions protesting against plans to extend the country's shop closing hours.

But from Alsace, in the south east corner of France, which was part of Germany until the end of the First World War, comes encouraging news of shopping liberalisation which could give heart to German consumers.

Under a German regulation dating from 1900, which has never been officially repealed, bakers and butchers in Alsace are at present forbidden from opening on Sundays. This is in contrast to the rest of France, where the Sunday morning excursion to the boulangerie is a ritual part of Gallic life.

Alsace now looks likely to be brought into step with the rest of the country as a result of a Strasbourg court case brought against a Moroccan retailer, who was fined FFr2000 for doing business on Sundays.

A Strasbourg lawyer has uncovered a loophole which has caused an appeal court to lift the penalty, on the grounds that the 1900 German law was never translated into French and published in the official bulletin in the 1920s. Assuming the appeal ruling is upheld, Alsatians will in future, be queuing for their bread on Sundays - and will no doubt be joined by Germans from across the Rhine who, under German shopping law, have to wait until Monday to buy fresh loaves.

Tricky season

The forthcoming festive season will be a time of mixed blessings for many of us. Christmas, I am told by the osteopaths, can be dangerous.

Current research at the British School of Osteopathy in London has shown that the human frame takes real punishment in the months leading up to Christmas and thereafter. In particular, parents (especially mothers) increase their work load by up to 75 per cent without consciously preparing for it.

The osteopaths say that the hype of the modern Christmas, followed by the tumultuous January sales, accompanied by children home from school, increased noise and stress, and a heavier work load, means that there is an escalation of muscular pressure.

"Backs can be damaged by lifting the good old turkey in and out of the oven. Most back problems are an accumulation of small events and problems leading to the body taking no more. "Remember that to forget the cranberry sauce is a minor disaster compared with six weeks on your back," says Sir Norman Lindop, principal of the school.

All good advice, I'm sure. But the osteopaths' recommendation that mothers and fathers should sit down and plan each festive day in advance seems more likely to be honoured in the breach than the observance.

Percentage wise

If President Reagan and Congress can not seem to get their budget and deficit sums right, the US private sector is hardly in a position to cast the first stone. A Standard & Poor's newsletter recommends to crash-shocked investors "a portfolio weighting of 50 per cent stocks, 30 per cent high-grade bonds, and the remaining 30 per cent in money-market instruments."

Meanwhile, Chemical Bank - one of the first US banks to announce large redundancies in its London operation, and presumably better at figures - is retrenching again. The annual staff dinner and dance, a January event for two decades, and in recent years large enough to fill the ballroom at the London Hilton, has been axed.

On duty

While the 1988 budget is still more than three months away, Chancellor Nigel Lawson is already coming under heavy pressure not to maintain the freeze on the duty on tobacco products which was the surprise feature of the package he unveiled in March.

It was suggested then that, with a general election on the horizon, he had paid more regard to avoiding an increasein the retail price index than to the Government's other declared aim to promote policies which help to prevent avoidable illness.

With electoral considerations no longer of such immediate relevance, the Chancellor already had a considerable incentive to return to the tobacco milch cow next spring and the added odium attaching to cigarette smoking since the disastrous fire at King's Cross underground station has reinforced the demands of the anti-tobacco lobby.

As last week's debate in the Lords on alcohol abuse demonstrated, those who want to see a steep increase in the duty on beer and spirits - the hours of work needed to earn the cost of a bottle of whisky now are only about half those required before the Second World War - are also calling for equally tough action on tobacco so as to ensure that one "vice" does not prosper at the expense of the other.

Past master

A book just published in Norway looks set to be a slow seller. Entitled "How to get rich in Norway", it interviews Norwegian property magnate, Niels Bugge, on the secrets of his success.

The interview took place before last month's stock market collapse which has badly strained Bugge's liquidity and cost him his position as managing director of his own, deeply troubled, property company, Bugge Eiondom.

Cold comforts

After spending the last 40 years trying to find a cure for the common cold - the most prevalent ailment in the world - scientists at the Medical Research Council's common cold unit in Wiltshire see no prospect of an early breakthrough.

The MRC has decided that the £500,000 spent on the unit annually could be better employed elsewhere and it will close in three years time. The only chance of continuing the fight against colds is if the MRC decides to pursue the work at another centre.

Scientific successes achieved at the centre include debunking the myth that vitamin C prevents colds, and the finding that while interferon is effective against colds it has unacceptable side effects.

The unit will be sorely missed by many volunteers who have not minded sniffing and sneezing in return for an all-expenses paid fortnight's "holiday" with country walks.

Occasionally, romance has been known to blossom there in spite of the need to keep blowing noses into an endless supply of paper handkerchiefs.

Lost for words

Management at Hall Russell shipyard, Aberdeen, is waiting to see what graffiti yard workers will produce in the wake of last week's lifesaving £19m order for a St Helena ferry.

After the failure earlier this year to win an Indian Navy contract, yard bosses were confronted with the message: "Hall Russell management bring back Indian order - two chapatis and a vindaloo."

Bodywork

Some people have no respect for good causes or flash cars. A BMW parked at Ascot, and sporting the World Wildlife Fund's new "I Support Wildlife" campaign sticker, had the marker-penned addendum - "dirty ....., have a bath."

Observer

Letters to the Editor

These questions need answers

From Miss Hilary Steedman.

Sir, - Mr Bernstein may, or may not, be right to object (Letters, November 25) to comments made about his company on television last August, but he is quite wrong to attribute those comments to the National Institute of Economic and Social Research (and also wrong, so it seems *to us, in attributing them* to your newspaper). Our report on training in the woodworking industries had nothing to say about individual firms in this country or in Germany, and the firms that helped us in our research were not identified.

Our concern is with the *average* manufacturing plant in the two countries. It goes almost without saying that there are some inefficient plants in Germany, and *some highly efficient* plants in Britain. The worry is that in many important branches of industry we find that the *average* German plant seems to be ahead of the average Brtish plant in productivity, exports, use of new technology, mechanical reliability and so on.

As you reported elsewhere in the FT (November 25), German manufacturers of machine tools produce six times the UK's turnover with less than three times the workforce. Why *is it that in* our manufacturing firms we see so little British machinery, and so much foreign machinery? Are there factors, common to many important sectors of manufacturing, that account for that disparity?

As our report makes clear, these are questions which need to be addressed by those concerned with the longer term prosperity of this sector and of British manufacturing in general. German producers have survived a saturated home market by increasing exports (now 30 per cent of production). Will the British kitchen furniture industry (exports about 5 per cent) be able to respond to change in the same way?

It is not widely accepted that differences in training and education are an important part of this story. The object of the more detailed inquiries undertaken by *the National Institute is to show* in what ways those differences in training directly affect productivity, and the ways in which firms organise their production, and to suggest which are the most critical parts of our training and education system that need modification.

Our own report on the kitchen furniture industry as a whole in the two countries has benefited from the help and advice of many in the industry. We remain satisfied that it gives a correct view of the problems of the industry in this country and, in particular, of the ways it has adapted to our lower levels of vocational skills.

Hilary Steedman,
National Institute of Economic and Social Research,
2 Dean Trench Street,
Smith Square, W1

Wheels more square than round

From Miss Nora Beloff.

Sir, Your correspondents, writing on Yugoslavia's "gloomy outlook" (November 20), miss the point. Everybody, in all republics, knows that - as they say - "the economy is in a shambles," and every serious Yugoslav economist can tell you why. At the federal as well as the republican level, the communists who govern and coopt their successors are irresponsible, ignorant, often corrupt, and unfit to hold office.

The "package" the Yugoslav government proposes for dealing with the disaster, we are told, *has a profusion of objectives*: "to revive industrial and agricultural production, further boost exports to hard currency markets, streamline and restructure the economy, cut expenditure, reduce the tax burden for companies, increase domestic savings and much more."

In this it is the identical twin of the "programme for stabilisation" unanimously adopted *five years ago*. Already, at that time, all self-respecting Yugoslav economists were refusing the government's invitation to participate in the Commission elaborating the plan, on the grounds that the problem was not to see what needed doing, but the political will to do it. This was unforthcoming, because it would have deprived the rulers of their monopoly of power and, under the subterfuge of self-management, of their effective ownership of the country's means of production.

At that time, working on my book Tito's Flawed Legacy, I went to Washington to ask the IMF how on earth they could believe the contents of Belgrade's succeeding "Letters of intent," always promising more than they could deliver. This credulity had led them (and still does) not only to lending money themselves, but, *far worse*, giving the green light for huge loans from western governments and *financial institutions* which have done practically nothing to improve the life of ordinary Yugoslavs - though they have enabled the authorities to meet *some of their international obligations* (the rest has been rescheduled).

The IMF, I was then told, rested its confidence in the "programme for stabilisation" - as their delegation will no doubt accept the programme Mark 2, when they arrive in Yugoslavia in December. They will put their authority behind Mr Mikulic's demands for more austerity, in a country where many workers are *already on the brink of subsistence*, and be bamboozled, as your correspndents were, by assurances that opposition to the programme comes "from dogmatist and conservative groups and various vested interests".

Yugoslavia has one overriding vested interest: to rid itself of an arbitrary self-serving system, in which private business can only function by permission of political bosses - for which it generally has to pay protection money.

Your correspondents should read Jan Winiecki's perceptive study, Economic Prospects East and West, commended by Mr Samuel Brittan in your own pages. Mr Winiecki likens the market system to a wheel - a simple and indispensable device for matching supply and demand - and the collectivist, one party system to a square. Reforms, in the latter case, amount merely "to smoothing the edges of the square in order to make the movement less bumpy while maintaining, in all seriousness, that wagons run further on squares than on wheels".

Anyone can see why it is in the interests of Mr Mikulic and his associates to cling to his square. What is sad is that the IMF, the western governments and our press join the make-believe.

Nora Beloff,
11 Belsize Road, NW6

They have their exits....

From Mr Ansel Harris

Sir, The declining attendances at the Royal Shakespeare Company's London home have frequently been observed and commented on. The latest is your comment (November 14): "a slump of 44.8 per cent in Barbican ticket sales for 1986-87".

The subsequent discussion of this phenomenon is always in terms of repertoire, direction and performance. May I suggest a further reason? That is the discomfort caused by continued malfunction of the air conditioning. This has driven many away.

Ansel Harris,
MBA Partners,
23 Ferncroft Avenue, NW3

....and their entrances

From the Artistic Director of The Royal Exchange Theatre Company, Manchester.

Sir, May I clear up some points in Mr Glen Wellman's letter of November 7?

The Royal Exchange may feel "little bigger than the workshop spaces of the London theatres;" in fact it holds 720 people. It is the brilliance of the theatre's design at once to create a chamber atmosphere, and to be one of the largest theatres outside London.

Mr Wellman's point about limited runs is a more complex matter. In order to reach its box office budget the Exchange has to play to roughly 82 per cent capacity every year. This is an absurdly high figure, and means that the artistic directors have to gauge very accurately the likely popularity of each play. If a play runs for one week longer than it should be scheduled, it could actually result in a deficit of about £20,000.

We are remarkably good at guessing what a run should be. I am afraid that Mr Wellman has fallen foul of the - alas - all too frequent pattern, where there are plenty of seats during the first weeks of the run and no seats at all in the last fortnight. Our advice is: do not wait for the reviews, but book early.

Furthermore, part of our service as a subsidised theatre is to present a range of productions in any one year, rather than giving plays an open-ended run as a commercial theatre would do. Obviously we must have our future productions planned, cast and designed; we can't cancel a part of the programme because one production turns out to be particularly successful. If a play is very successful, and the same production can be reassembled, it is brought back for a further run.

As to seat prices: these are the most expensive for any company outside London; they already meet with fierce resistance, and with a "difficult" play they are the first not to be sold. We charge as much as we dare.

Finally, there have been several London transfers over the years - the most recent being *Court in the Act* at the Phoenix Theatre - but these are reliant on a commercial management putting up the money to transfer one of our productions. Since, as Mr Wellman acknowledges, we do indeed do a great many "difficult" pieces, no commercial management would consider them suitable for a London transfer.

This organisation, in common with many others, tries its very hardest to maximise its box office and to exploit its product. While it is encouraging that people like Mr Wellman give our problem so much thought, I would like to assure him that if there were there any other means of improving our financial viability we would be taking them. In these difficult days, methods of survival obsess us all.

Braham Murray,
The Royal Exchange, Manchester

Training pays back with interest

From Mr Donald Orchard.

Sir, David Brindle's article concerning Skillcentres (November 14) prompts the observation that their origin can be traced back to the First, rather than the Second World War. Successive governments have required these unique training units to meet both national emergencies and changing *economic climates for* well over 60 years.

Accelerated vocational training methodology in simulated working conditions is particularly suitable for people who need to change their occupations, or to refresh or improve their existing skills.

The ultimate "pay off" for a more mobile and competent labour force is not directly related to the cost of a relatively short course of training.

Donald Orchard,
Greenfields,
Brentor Road,
Mary Tavy,
Tavistock, Devon.

Skill shortages identified

From The Baroness Elles, MEP for Thames Valley

While changes in attitudes to training are welcome (FT Survey, November 18), they do not necessarily spell out a reduction of skill shortages.

A pilot project in the Thames Valley area, TARGET, supported by the European Community, has shown that simple exhortation is not sufficient. A wide gap between industry's needs and training opportunities was clearly shown in a survey in the area completed in the autumn of 1985. While industry has vacancies, so had training providers - up to 25 per cent in both the public and private sectors.

The first task is, therefore, for companies - particularly small companies - to identify the need for training and retraining of existing as well as new personnel. It is then necessary for colleges to provide the training identified, either by setting up courses for a number of firms with the same needs, or providing "on site" courses.

To achieve these objectives we have evolved a regional structure, industry-led, with first-class personal direction from two directors (one from business, one from a college of higher education), and coordinators who have worked in industry. The visits of these coordinators to about 350 businesses in the last six months have identified over 400 specific shortages and have organised over 250 direct referrals to training establishments in the Thames Valley area. In nearly every case, interviews with company managers have shown that it takes about 20 minutes to recognise that any training is needed. The next 20 minutes, in an average 40-45 minute interview, is spent in identifying the type of training and the courses needed.

The problem of skill shortages is not confined to Britain. While the project has been widely supported by industry and training providers as well as the MSC and Chambers of Commerce, TARGET is being used as a model under the education and training programme of the European Community (COMETT).

Diana Elles,
European Parliament,
Strasbourg

Radio Four should not leave Europe

From Mr Bruce Adkins

Sir, If the BBC wants to reduce its influence in Europe, by restricting Radio 4 to those within optical sight of its VHF transmitters, so be it.

But once its faithful, huge, and generally sumpathetic continental audience has been lost it will not be easily regained. There are plenty of other services capable of broadcasting in English (some are doing so already), any of which could start up programmes similar to *Today*, *The World at One*, *PM* etc, using British presenters based in the UK. Moreover, such services could be broadcast on wavelengths easily accessible to listeners in Britain.

As Mr P.T. Walker wrote (November 7), the World Service is not the same at all, being *structurally unable to cover the* British scene either in the detail or with the "homeliness" of Radio 4.

Bruce Adkins
13 Avenue du Panorama,
91190 Gif-sur- Yvette, France.

Education Bill is a high risk policy

From the Honorary Treasurer of the National Education Association.

Sir, Michael Dixon's chiaroscuro of the Education Bill (November 21) misses the essence.

Survey after survey underlines the backwardness of the education imparted to the generality of our children, compared with the children of our trading competitors. The Government has accepted that the majority of our school leavers lack the work skills to enable our economic survival.

Kenneth Baker has discarded the Bismarkian or Napoléonic solutions that have placed West Germany and France ahead of us. He has plumped for a parent-driven evolution, aided by some direction in the content of what should be taught in our schools, and some shifting in the power base away from Local Education Authorities.

The Government's rejection of a revolutionary approach and its reliance on parents to set aside the domination, entrenched for decades, of politicians, educationalists and unions implies a very long haul - up to 20 years, in Kenneth Baker's words - and no guarantee of success. It is a *high risk policy which owes* more to the New Enlightenment theories prevalent in the United States than to the exigencies of our predicament.

H.T. Legg.
14 Carson Road, SE21

'Arthur Scargill is being uncomfortably realistic'

From Mr John Ure.

Sir, Mr Arthur Scargill is, according to John Lloyd, now very largely a political figure, with a hopeless mission. Being a missionary for new realism himself, John Lloyd will at least acknowledge the FT headline of November 12: "Pit closures near figure forecast by Scargill." Presumably the NUM President has done the same sums as John Lloyd, who identifies the reasons for what he sees as Mr Scargill's lost cause as three.

First, a world awash with cheap coal. Second, the devaluation of the dollar, making US coal exports more competitive. Third, new working practices appropriate to the expensive new pit technology. These will undermine similarity of pay and conditions between miners nationally, even regionally, and destroy mineworkers' traditional solidarity.

The odd *thing about John* Lloyd's analysis is not the identification of these trends, plain for all to see, but his obvious assumption that they are irresistible. A superficial basis for such an assumption is the existence of Mrs Thatcher, but the present Government is a contingency, not a political law.

Therefore a more rigorous basis for such an assumption must lie within some imagined "law" of economics. Indeed, behind all new realism lies the invisible hand that picks your pocket: the market. Even today there are still a few textbooks around which refer to the "laws" of supply and demand, and John Lloyd seems to have bought one, in both senses of the word.

We only have to think of agriculture, or nuclear energy, or roads, or housing, or health, or education, or telecommunications, or almost any other really crucial economic and social provision to know that supply is controlled (constrained more usually than planned) and demand is created, as often as not without using a market mechanism, sometimes by public bodies, sometimes by private corporate bodies, usually by a mixture of both.

Whatever the actual mechanism, influential choices or decisions are being exercised which have social significance. The explicit identification of the social costs and benefits associated with these choices - for example the social costs of knock-on unemployment, the social costs of community destruction, and so on - comes to light according to the social accounting procedures chosen. Arthur Scargill is really - and correctly - posing an alternative set of social accounting procedures which highlight particular costs which he and many other people of the left, myself included, find unacceptable.

This is why John Lloyd's three reasons are not to be taken that seriously. *He puts low* international coal prices down to massive worldwide investments in new coalmining technology. (In passing, I wonder whether the rental economics of mining really support this case.) It is at least arguable that world recession has had a greater impact upon coal prices. But the point is: how far are we prepared to conduct an economic strategy of the long term on the basis of short term trends? (Of course, the political strategy of the long term of Mrs Thatcher does justify the incurrence of short termism, but this cannot be a basis for John Lloyd).

The same argument applies with even greater force when fluctuating currency values are seen as the problem. And as to working practices, *it is not difficult* to see how these can be changed "of necessity" when strategic decisions have been made about new technologies. The question is, are those strategic decisions obviously sensible?. John Lloyd simply ducks the question by taking for granted the "law" of markets. Arthur Scargill does not duck the question; and like all non-duckers he is being uncomfortably realistic.

John Lloyd needs to distinguish between a mission that fails - and Arthur Scargill's mission well might - and a mission impossible. The economic and social logic of Arthur Scargill's position is not assailable from the point of view of new realism. But its chance of political realisation is. And that, Mr Lloyd, is precisely why Mr Scargill is "now" a very largely political figure. The issues involved are not those of abstract "economics" with its iron "laws", but those of political economy, which involves social choice.

John Ure,
North East London Polytechnic,
Longbridge Road,
Dagenham, Essex

FOREIGN AFFAIRS

The long and the short of it

Edward Mortimer argues that mundane matters should not obscure greater issues facing EC leaders at this week's summit

HOW PLEASED we all are that Mr Gorbachev is dropping in to see *his friend Maggie on his* way to Washington. What an opportunity to make sure that - even if Ronnie again forgets, momentarily, that he has west European allies - Mikhail Sergeyevich will be directly apprised of British and European concerns. And what splendid timing. Maggie will be just back from the European summit in Copenhagen: able, presumably, to speak on behalf of all her European colleagues.

It all sounds too good to be true, and it is: especially the last bit. Sad to say, neither Mrs Thatcher nor Mr Gorbachev is as popular in the European Community as they are with each other. If the Soviet leader had asked the Community to choose a representative for him to meet in these circumstances, the choice would probably not have fallen on Mrs Thatcher; and few *people elsewhere in Europe* will believe that in choosing Britain for his stopover he is either paying Europe a compliment or trying to do it a good turn.

Certainly the Copenhagen summit will not be devoted to drawing up a Mandate for Maggie. Nor would she wish it to do so. The tasks assigned to it are far more mundane: to introduce some sanity into the Common Agricultural Policy and bring its cost under control; to agree on a more equitable basis for raising funds; and to decide how much the richer members should be prepared to spend on making the poorer members feel they belong.

Whether these decisions will be taken is far from certain, especially after the agriculture ministers' failure last week to agree on "stabilising" mechanisms for several key products. But they are much closer to being taken than anyone would have predicted a year ago, or even after the Brussels summit last June.

Several factors have combined to push European governments towards decisions faster than anticipated. Externally, the fall of the dollar has made European food prices even less competitive on the world market than they were and so made the unreformed CAP even more expensive to finance, bringing Community *expenditure* up against its previously agreed ceiling sooner than expected; and the US has confronted Europe with a choice between agreeing to cut farm subsidies and facing a mutually ruinous dumping contest.

Internally, the admission of Spain and Portugal has altered the balance between rich and poor, and France has joined West Germany as a significant net contributor to the Community budget. This has helped to concentrate French minds on defects in the CAP and in the system of levying contributions, to which they used to be largely impervious. All this has to be sorted out quickly if there is to be any hope of meeting the 1992 deadline for the creation of a unified internal market.

More immediately, it has become apparent that if decisions are not taken now there may not be another opportunity for at least 18 months. The French elections, followed by the advent of the supposedly incompetent Greek presidency and the weakening authority of the present Commission as the expiry of *its mandate approaches at the* end of next year will probably make 1988 a year of paralysis. The next "serious" summit is likely to be the one due in June 1989 in Madrid.

For all those reasons, Commission officials in Brussels believe the heads of government will want to take decisions in Copenhagen this weekend. Indeed, they profess to be more afraid of a "bad" decision - yet another botched-up compromise leaving everything to be negotiated again in two or three years - than of failure to agree. They feel that Europe should be more actively considering its response to the various world crises, but argue that it must first establish its credibility by showing itself capable of taking decisions about its "housekeeping" (*intendance*).

This attitude irritates some full-blooded Euro-enthusiasts who, while not denying the importance of the housekeeping problems, do object to them being used as a pretext for putting off discussion of what they see as urgent issues for Europe's future. Such people contrast the present summit with one also held in Copenhagen in 1978, when the world situation was in some ways similar, with the US administration allowing the dollar to fall and pressing its allies - West Germany especially - to assume the role of locomotive in the world economy. On that occasion the European heads of government, led by Helmut Schmidt and Valery Giscard d'Estaing, did address their minds to the problem and came up with at least a partial response in the shape of the European Monetary System.

But while that school of thought regards the Commission's present attitude as excessively "British" in its willingness to put practical detail before grand design, the British themselves are suspicious of it. They are all for decisions on housekeeping, of course, and they share the Commission's insistence that these must be "good" decisions, in the sense of putting firm and lasting limits on Community expenditure and on Britain's contribution to it. But they fear that relating the urgency of this matter to the world situation may, after all, become a pretext for urging Britain to accept "bad" or at any rate mediocre decisions.

The truth is, of course, that Mrs Thatcher is not interested in any European grand design. That emerged quite clearly from her interview with the Financial *Times last week. She wants the* housekeeping accounts done properly to limit the cost to Britain of Community membership, not to enable the Community to cut a grander figure on the world stage. She wants the internal market completed on time in 1992 - presumably because it will be good for British business - and she is now strongly in favour of the Channel Tunnel. But that, to use one of her own phrases, is "just about the long and the short and the tall of it".

Of course she is aware that developments in the world economy pose a threat to British recovery, that agreements between the superpowers can be prejudicial to British security and that, on both these points, Britain has some views and interests in common with some of its European partners. Before going to Moscow in the spring, she even went so far as to fly to France and Germany for talks with President Mitterrand and Chancellor Kohl. But that is as "European" as she feels the need to be.

If anyone suggests that it is urgent for Europe to settle its housekeeping problems so as to address these big questions, the response of British officials is to point out how effective Mrs Thatcher has already been, notably at her two Camp David meetings with President Reagan, in making sure that neither the Strategic Defence Initiative nor arms control takes a form that would be prejudicial to western Europe's nuclear defences.

Is that really good enough? Perhaps it has been so far, but *will it continue to be? In the* short term Europe faces the usual eclipse of American leadership during a lame-duck Administration, probably followed by a learning period for a new one, this time with the added complications of a dynamic and imaginative Soviet leader and a crisis of confidence in American financial management. In the slightly longer term we face a world where, in any case, America is likely to come to terms with its most formidable partners and potential adversaries, probably the Soviet Union in the strategic sphere and Japan in the economic one. The European Community, which taken together is a more populous and productive power than any of those three, is *in danger of finding itself in neither category* because it will not be seen as a single entity capable of *defining* and pursuing a single policy, whether strategic or economic.

Some French and German leaders are aware of this and it is possible that they will get together once again to give a lead, in which case the danger is that Britain will once again fail to be in at the beginning of a major new stage in European construction, and so will have a purely negative influence on it. But as things stand at present, both France and Germany seem bogged down in their domestic problems. *The greater danger is* that the next stage will simply not happen, because the one European leader whose domestic situation would enable her to give a lead has still not learnt to think of herself as a European.

FINANCIAL TIMES

Tuesday December 1 1987

Britain seeks explanation of hostage deal

BRITAIN YESTERDAY asked *for details of the French Government's decision to release* an Iranian terrorist suspect amid ill-concealed annoyance in official quarters in London that Paris appeared to have broken the European Community's anti-terrorist front, writes Robert Mauthner, Diplomatic Correspondent, in London.

The matter was raised by Sir Geoffrey Howe, the Brit*ish Foreign Secretary, at a* meeting with Mr Jean-Bernard Raimond, his French counterpart, at a meeting in Brussels yesterday. It will almost certainly be brought up by Mrs Margaret Thatcher, the Prime Minister, when she meets Mr Francois Mitterrand, the French President, and Mr Jacques Chirac, Prime Minister, at the European Council meeting in Copenhagen at the end of the week.

Foreign Office officials in London said they could pass no judgment until they had received more information from Paris. However, it was clear that they privately shared suspicions that a *financial deal might have* been struck under which Mr Wahid Gordji, an Iranian embassy translator, suspected of bombings in Paris last year, was exchanged for two French hostages released in Beirut.

Sir Geoffrey voiced Britain's concern in diplomatic language after meeting Mr Raimond. "We are as pleased as anyone that two hostages have been released, but equally we are concerned, as are all our colleagues in the European Community, to uphold the very important commitment made at the European Council in London (in December 1986) and the economic summit in Venice (in June this year) that no concessions will be made under duress to terrorists and their sponsors."

He had received a specific assurance from Mr Raimond that no cash ransom was involved in the release of the two French hostages. Sir Geoffrey said his main concern now was for the possible implications on the safety of other hostages, in particular Mr Terry Waite, the Archbishop of Canterbury's special envoy.

Dr Robert Runcie, the Archbishop of Canterbury, said yesterday *he supported Mrs Thatcher in her determination not to enter into deals* with Iran for the release of Mr Waite, who was kidnapped last January while on a humanitarian mission to Beirut.

Paul Betts in Paris reports on the *implications of France's hostage deal with Iran*

Chirac conjures a timely triumph

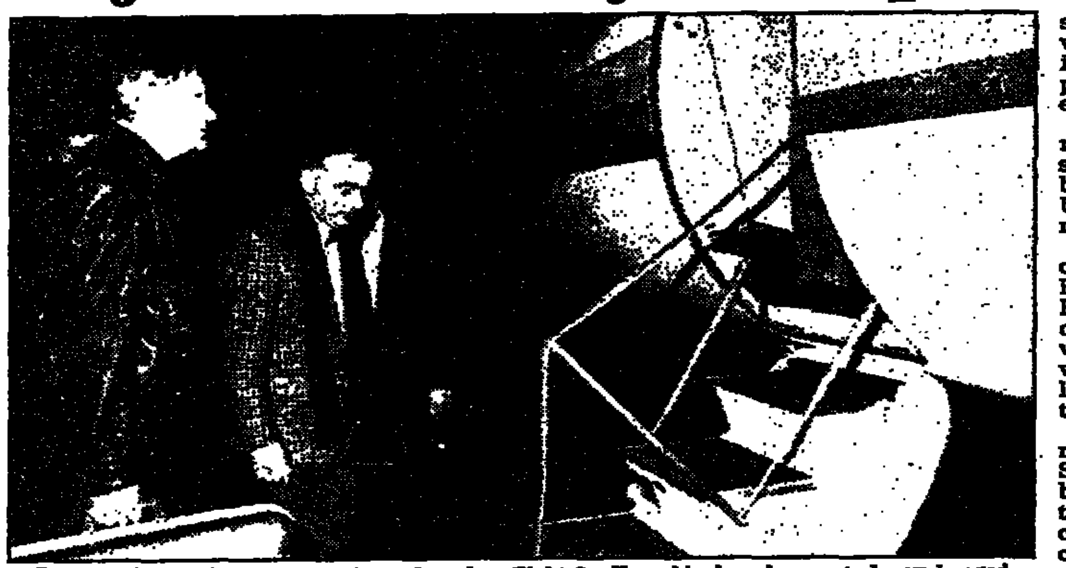
THE SURPRISE hostage deal between France and Iran at the weekend was widely seen yesterday as an important domestic triumph for Mr Jacques Chirac, the French Prime Minister, at a time when his Conservative Government, undermined by the international financial crisis, is in dire need of a political boost.

The deal does not indicate any fundamental change in French policy in the Middle East nor in France's long-standing support for Iraq in the Gulf war. In the *wake of the French arms for* Iran scandal, it would seem inconceivable for any French government to change course in the Middle East at this stage. Indeed, President Francois Mitterrand confirmed yesterday that there was no question of France modifying its policy towards Iraq. However, there was some speculation that France may consider reducing its naval deployment in the Gulf region as a gesture towards Iran.

The release of the two French hostages in Lebanon on Friday and their triumphant return to *France the following day is only* the first step towards normalising relations between the two countries, a process that is expected to advance further this week.

The exchange on Sunday night of Mr Wahid Gordji, number two in the Iranian embassy in Paris, wanted for questioning by the French magistrate investigating terrorist bombings of 1985 and 1986 in Paris, for Mr Paul Torri, French consul in Tehran, yesterday brought to an end the five-month siege of the Iranian embassy in Paris and of its *French counterpart in Tehran.* The ending of the embassy siege is expected to lead soon to the restoration of diplomatic relations between the two countries.

Mr Chirac has acknowledged that negotiations are expected to be accelerated between the two countries. Indeed, negotiations over Iran's $1bn financial claim against France are likely to resume in coming days. Before diplomatic relations were broken off in July, France and Iran had already made substantial progress in their search for a settlement over the $1bn loan advanced to France by Iran in 1974 as part of the Shah's efforts to join the Eurodif European uranium enrichment consortium. France has made a partial payment of about $300m towards a settlement of the claim and is expected to negotiate another payment.



Paul Torri, French consul to Tehran, boards a flight for Karachi where he was to be exchanged for Iranian Wahid Gordji

Other outstanding issues include Iranian demands for the release of a terrorist arrested in France after a failed assassina*tion attempt against Mr Chapour* Baktiar, the former Iranian Prime Minister. There are no indications that France will be *prepared to release the terrorist.*

Another major issue is Iran's long-standing efforts to persuade France to stop supplying arms to Iraq, one of France's main defence markets. But France has made clear that its efforts to negotiate the release of the French hostages did not alter its traditional position in the Middle East and its miltary support for Iraq.

Despite this major stumbling block, there is growing optimism in Paris over the fate of three remaining French hostages. This follows not only the breakthrough at the weekend but also growing sentiment that Iran is now more willing to compromise with France in an effort to break its *increasing international* isolation.

But the encouraging events of the past 48 hours for the Chirac Government have been clouded by a series of domestic controversies. The left-wing opposition has questioned the principle of negotiating with kidnappers the release of the two French hostages. Mr Chirac has angrily denied a report in Le Monde that the Government paid a ransom to the kidnappers, but the French press - with rare unanimity - seemed to assume yesterday that money had in fact changed *hands.*

The other controversy involves the political pressure which appears to have been exerted on the judiciary to enable the Government to negotiate its hostage deal. The breakdown in diplomatic relations between France and Iran had been provoked directly by the refusal of Mr Gordji to appear before the French magistrate, Mr Gilles Boulouque, to answer questions over last year's terrorist attacks by Islamic fundamentalists

French opposition leaders claimed yesterday that Mr Gord*ji's fleeting appearance before* the magistrate on Sunday night was a "charade." This aspect of the Gordji affair is likely to leave *a sour taste after the immediate* hostage celebrations have died down.

The misgivings over the Government's hostage deal have been offset to some extent by the success of the interior ministry in the past few days in cracking down on a number of different terrorist movements in France.

Indeed, Mr Charles Pasqua, the French Interior Minister, has also taken credit for the latest *hostage deal, having assumed* control of the secret negotiations from the Quai d'Orsay. Mr Pasqua's successful handling of both *the hostage and domestic secu*rity situation have given Mr Chirac an important political boost.

In the past few weeks, Mr Chirac has seen his popularity decline because of the international financial crisis and its repercussions on the Government's ambitious privatisation programme. Moreover, Mr Chirac has also watched with some dismay Mr Raymond Barre, the former Prime Minister and his main rival on the right in next spring's presidential election, extend his lead over the neo-*Gaullist Prime Minister. The hos*tage deal could help reverse this trend, although Mr Chirac is playing with fire given the *unpredictable character of the* Iranian regime.

Iraqis voice concern over Soviet relations with Iran

By Andrew Gowers in Baghdad

IRAQ has sharply criticised the *Soviet Union, its ally and main* arms supplier, for being slow to back possible UN sanctions against Iran.

Mr Tariq Aziz, the Iraqi Foreign Minister, voiced suspicions on Sunday night that the Soviet Union might be hesitating to cooperate in drawing up a mandatory UN arms embargo *list* against Tehran to curry favour with the Iranians. He warmly praised US attempts to end the *Gulf* war.

His remarks are the strongest sign to date of Iraq's irritation at what it regards as Soviet *blocking* tactics and of an emerging pro-Western slant to its avowedly non-aligned foreign policy.

Mr Aziz's comments also reflect genuine Iraqi alarm at signs of a rapprochement between Iran and the Soviet Union, including the development of economic links.

Iraqi officials said they were closely monitoring reports that Hojatolislam Ali Akbar Hashemi Rafsanjani, the powerful Speaker of the Iranian Parliament, was to visit Moscow soon and that Iran was seeking to renegotiate its lapsed 1911 defence pact with the Soviet Union.

Mr Aziz said he had had repeated meetings with senior Soviet officials to urge them to back a resolution imposing sanctions on Iran for its failure to comply with the UN ceasefire call.

"We do not yet understand why the Soviets are prolonging or delaying this decision," he said. "We haven't yet reached a final conclusion."

The Iraqi minister was sceptical about the chances of resolving this issue at the forthcoming Reagan-Gorbachev summit in Washington since Moscow, he claimed, was blaming the West for not wanting effective sanctions against Iran.

He criticised countries that pursued "selfish policies ... at the expense of broader responsibilities towards peace and security in the world".

He was, however, *careful to* draw a distinction between Iraqi dissatisfaction with the Soviet stance on this issue and the *broader security and economic* relationship between Baghdad and Moscow. The latter, he said, was "going just fine".

Since lifting a ban on arms sales to Iraq in 1982, the Soviet Union is estimated to have shipped as much as $10bn worth of arms to Iraq. Baghdad is now seeking to obtain Mig-29 advanced fighter aircraft from the Soviet Union.

Mr Aziz's statements come as Mr Javier Perez de Cuellar, the UN Secretary General, begins what many believe to be a final attempt at mediation between Iran and Iraq.

THE LEX COLUMN

Here we go again

It looks as though the London equity *market is entering* a new and rather ugly phase. The initial crash having been followed by a rally then a pause for reflection, the market now seems headed purposefully down again, with the FT-SE100 index slumping yesterday by more than 4 per cent.

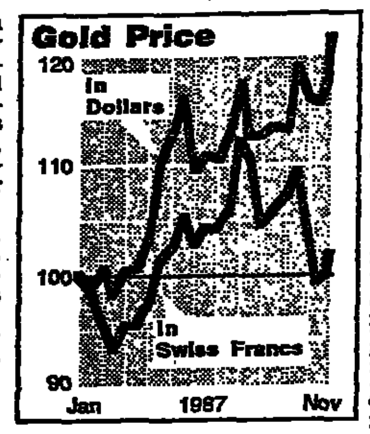
But though prices are back on the move, turnover is still at starvation levels. This is not altogether surprising. Market makers can make money only when prices are changing, and have realistically chosen to push them downwards. This in turn weakens *confidence among institu*tional investors and risks creating a vicious circle.

Although yesterday's fall will have been mostly due to *the fur*ther slide of the dollar, the jump in the gold price suggests that the market's recent phases could *be put another way. First, a* 1929-type reaction to the crash itself - fear of recession and a flight into bonds: then recogni*tion of the liquidity* being pumped in to avoid 1929's mistakes, with bonds levelling off and equities recovering slightly. Now comes lurking fear about inflation, so equities and bonds weaken together and gold goes up.

The inflation angle illustrates the eclectic way in which the market chooses what to worry about these days. Perhaps, if the UK forces interest rates down to put a cap on sterling, the UK consumer will have the less incentive to put his money in the building society and will spend it instead. Certainly, the apparent strength of US consumer spending is at odds with the fact that Americans must stop spending and start saving if the deficit is ever to be funded sensibly. But the implied emphasis of the market is still the other way; at under *ten times* next year's earnings, UK equities are either remarkably cheap or discounting a slump which is not yet there in the economic forecasts.

Gold

After the perverse behaviour of the past six weeks, gold is finally reverting to form: Yesterday's market seemed to have rediscovered all the old cliches about safe havens, and with the dollar's help it closed $14 higher on the day at $492.50. This also helped Consolidated Goldfields to rise above the general gloom: its shares gained almost 8 per cent, one of only two rising stocks in the market (the other



was RTZ). It may seem surprising that the rebound took so long, with the gold price languishing in the $460 to $470 range for weeks. But given the *volume of distress sales by inves*tors, along with aggressive forward selling by mining companies during a brief rise in the *metal's price just after the crash,* the real surprise may be that it did not fall further. That trend now seems broken, but it may take more than cliches to get gold through the $500 barrier.

M.K. Electric

Christmas has come early for the long-suffering fund managers who stuck with M.K. Electric *through its quiet times. They* (and their clients) are the only clear beneficiaries from the present struggle for the company, which is being engaged almost as if the crash had never happened. When Legrand, the French electrical group, yesterday offered £1 a share over RTZ's 550p offer of last week, it was paying a premium of about 15 per cent over MK's pre-crash peak. That may not be quite as perverse as it seems given the 50 per cent-plus bid premiums around until recently, but those were for paper and this looks like being *for cash.*

Despite its resistance to overpaying, RTZ stands to lose its new aggressive image if it retreats. However, it could at least console itself with an £8m profit if Legrand were to bid at 650p. At that price both RTZ and Legrand would suffer some dilution, but while the damage to Legrand's balance sheet would be far greater (indeed MK is about one-third its size) the French company might reasonably argue that it can squeeze more out of MK in the medium-term. Legrand also has the advantage of being family-controlled. The superior industrial logic of the French bid suggests harsher rationalisation of the UK management, but management opposition would come to nought without more cash from RTZ. *Only a stalemate seems* out of the question.

PaineWebber

Yasuda Mutual Life is not the first big Japanese financial institution to buy into Wall Street, and its target - PaineWebber - ranks well below the likes of Merrill Lynch and First Boston in the Wall Street pecking order. Nevertheless, its $300m purchase of an 18 per cent stake in PaineWebber is interesting on a number of counts. It is the first major investment in a Wall Street firm since Black Monday, and is a reassuring sign that some Japanese investors, at least, have not lost confidence in the US investment community. It also makes more sense than some of the earlier liasons. PaineWebber has little exposure in Japan, unlike Shearson Lehman and Goldman Sachs which have both recruited Japanese shareholders, and since Yasuda is not a commercial bank the deal should not run into any problems with US banking regulators. PaineWebber gets access to a hefty chunk of new capital at a time when margins are widening, and Yasuda will probably benefit from the former's asset management skills; they are also *setting up the customary joint* venture in London. But beyond that it is difficult to rationalise the Japanese interest in a medium-sized US retail brokerage firm, save to say that the combination of cheap dollars and a 7 per cent yield means that unless the end of the world is nigh, it should be a reasonably good investment over the long haul.

Eurotunnel

The *one-off* nature of the Eurotunnel issue is illustrated by the fact that it was, rather surprisingly, *neither a massive flop* nor a massive success. The combination of recent market conditions and the less than enthusi*astic press have offset the lure of* Eurotunnel's travel perks, and the message of the issue - one fifth of which was left with the underwriters - is that general investor confidence for risky new issues is more frail than imagined. The shares start trading on December 10th and the placement of the rump of the UK issue should give the first indication of the scale of the opening discount from the £3.50 offer price.

Equities plunge as dollar hits new lows

Continued from Page 1

There was also a belief in the market that Washington was unconcerned by a lower dollar and that for this reason it was not seeking an early meeting of the Group of Seven major industrial countries to stabilise the US currency.

● *Doubts* persisted in Washington about whether the budget deficit reduction pact would be implemented over the next two weeks.

President Ronald Reagan, while expressing support for the budget agreement, stressed that if the legislation implementing the accord did not meet the terms of the agreement he might veto it.

"This time the tax and spend*ing bills* are to arrive close enough together for me to sign or veto them together," he said.

In London, the dollar closed at DM1.64 compared with DM1.6540 on Friday and at Y132.45 compared with Y133.65.

The pound closed at $1.8260 compared with $1.81 on Friday and at DM2.9950, unchanged from its previous close.

On the Bank of England's Trade Weighted Index, sterling *finished 0.4 higher at 76.4.*

EC leaders face budget clash as ministers abandon talks

BY QUENTIN PEEL IN BRUSSELS

FOREIGN ministers of the European Community yesterday abandoned efforts to negotiate sweeping reforms of EC budget *and farm policies before this* week's summit in Copenhagen - but refused to give up hope that heads of government may agree a deal at their meeting.

The ministers' failure to make significant progress towards a compromise package means that the EC leaders will be faced with a mass of unresolved detail, particularly on planned controls of the soaring spending of the Common Agricultural Policy (CAP).

There could now be a head-on clash between Mrs Margaret Thatcher, the British Prime Minister, who has insisted on precise and quantified farm curbs being included in any package and most other government leaders who are prepared to settle for less.

Mr Uffe Ellemann-Jensen, the Danish Foreign Minister who chaired yesterday's final round of EC talks, warned that anyone who insisted on introducing too many details could "paralyse the summit."

"It is our intention to do whatever we can to avoid the discussion being bogged down in petty *details," he said.*

In what appeared to be a direct appeal to Mrs Thatcher, he added: "Certain delegations owe it to the community to understand that you cannot get everything you want in a community. Some delegations still need to show that they have a bit of community spirit."

Both Mr Ellemann-Jensen and Mr Poul Schlueter, the Danish Prime Minister, *fly to London* tonight in a final attempt to find room for manoeuvre in the British position.

However, Sir Geoffrey Howe, the British Foreign Secretary, made it clear that the UK was still demanding "a complete set of stabilisers" on farm spending, *involving "legally binding* controls."

"We won't be content with a fudge," he said. "We must have a *real agreement of substance, not* a cosmetic covering of cracks."

Neither Sir Geoffrey, nor Mr Ellemann-Jensen was prepared to exclude all hope of agreement, but the Danish presidency faces the difficult task of reducing the whole range of reforms to a few key questions capable of being decided by the summit.

*Apart from the package of sta*bilisers, where the key disagreements concern the cereals, oilseeds and protein crop sectors, yawning differences remain on many other issues.

The most fundamental are likely to be on the increased cash to be pledged to the whole EC budget, directly linked to the extra amount available for social and regional spending in the poorest member states.

This is an *issue of crucial* importance to Greece, Ireland, Spain and Portugal. They are fighting for a doubling of the so-called structural funds, whereas Britain, France and West Germany are prepared to offer much less. Sir Geoffrey mentioned a possible rise of 35 per cent over the next five years.

Another crucial issue is likely to be Italy's opposition to changing the whole system of national *budget contributions to reduce* the amount based on value added tax and insert a new measure linked to gross national product

The new deal will significantly increase the Italian budget contribution, at a time when Italy could also expect a lower share of the social and regional funds.

US cuts aid to Haiti after street violence

By Lionel Barber in Washington and Robert Graham in London

THE US has cut off virtually all economic and military aid to Haiti after the bloody street violence which resulted in the can*cellation of the first free presi*dential election in 30 years. The suspension does not cover humanitarian aid.

Washington had provided some $108m economic assistance to Haiti, one of the poorest countries in the Caribbean.

It was unclear yesterday what proportion of the total US assistance is represented by humanitarian aid. Military support amounts to just over $1m a year.

A senior White House *official* said the suspension was intended to show that Washington was "fed up with the interim govern*ment*" in Haiti, led by Lt Gen Henri Namphy.

At least 27 people were shot or hacked to death and a further 67 wounded on Sunday while trying to vote. This followed a week of atrocities, committed by supporters of the deposed dictator, "Baby Doc" Jean-Claude Duvalier.

The US has been the chief supplier of aid since popular unrest forced the former president-for-life to flee last year.

The capital had returned to relative calm yesterday. The opposition remained sceptical of *Gen Namphy's statement that he* intended to hold elections by February and that he would make good his proimise to stand down by February 10.

The opposition claimed that the elections had been deliberately sabotaged with the army's connivance and they were especially critical of the dissolution on Sunday of the Independent Electoral Council - a body which is openly disliked by Duvalierists.

● All nine members of the former electoral council have taken refuge in Western embassies, **Reuter reports from Port-au-Prince.** Radio reports said the nine had not yet asked for political asylum.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
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Yasuda takes US stake

Continued from Page 1

ing and fund management, as well as retail broking, have met with a good deal of success.

The company said yesterday that it would use its new resources to develop investment banking operations, particularly the high-risk financing of takeovers and leveraged buyouts. *It* would also seek to capitalise on the Yasuda connection to expand its international fund manage*ment business in London and* Japan.

For Yasuda, the PaineWebber stake will provide access to international fund management and investment banking knowhow at a time when Japanese institutions remain committed to long-term international diversification, despite the *large losses* they have already suffered as a result of the rising yen.

For the same reasons, two *other leading Japanese institu*tions have recently made big equity investments in Wall Street institutions; in March Nippon Life bought 13 per cent of Shearson Lehman Brothers for $538m, while last year Sumitomo Bank bought 12.5 per cent of Goldman Sachs for $500m.

FINANCIAL TIMES
Tuesday December 1 1987

Primerica sells Current stationery unit for $150m

BY JAMES BUCHAN IN NEW YORK

PRIMERICA, the former American Can which is being transformed by Mr Gerald Tsai into a wholly financial services business, has sold its Current stationery subsidiary for $150m.

Primerica, which is seeking buyers for all its direct mail marketing operations as part of its focus on financial services, said it would book a gain of about $35m or 60 cents a share to after-tax earnings from the sale of Current to Deluxe Check Printers.

Current is based in Colorado Springs and enjoys annual revenues of some $125m from direct mail sales of greetings cards and staionery. Primerica bought Current in December 1986.

In August Primerica said it would sell its four direct mail businesses to finance this year's $750m purchase of Smith Barney, the Wall Street brokerage house. Before the stock-market crash last month analysts expected the four businesses, which have revenues of about $1bn, to bring in $1.4bn.

But analysts have since dropped their estimates. Primerica said yesterday that it was "continuing to review" the sale of the other three companies: Fingerhut, a large general merchandise seller, Figi's, a food and novelty marketer, and Michigan Bulb, which sells plants and seeds.

Wall Street responded sourly to the sale announcement, cutting Primerica's stock price $1¼ to $25¾ in early trading.

Canadian bank slips into the red

By Our Montreal Correspondent

CANADA'S fourth-largest chartered bank, the Bank of Nova Scotia, has reported a final loss of C$312m (US$240m) for the year ended October 31, after making heavy provisions against doubtful Third-World loans.

The pattern of the bank's fiscal 1987 results is similar to that of the other big six Canadian chartered banks.

All of these banks wrote down their Third World debts in one go, following the lead of Citicorp in the US.

BNS's operating net profit was C$331m or C$2.18 a share, against C$336m or $1.98 a share, in fiscal 1986.

Total income was C$6.4bn against C$6.2bn.

Fourth-quarter operating earnings were C$107m, or 61 cents a share, up from C$100m or 58 cents.

Total income was C$1.7bn against C$1.5bn.

Total assets at October 31 came to C$71.4bn against C$64bn a year earlier.

Campeau posts big loss in nine months

BY ROBERT GIBBENS IN MONTREAL

CAMPEAU, the Canadian property development group which bought Allied Stores in the US late last year for US$3.4bn, has posted a large loss of C$162m (US$124.6m) from continuing operations for the first nine months of 1987.

Including losses from discontinued operations, the total loss for the period was C$239m. A year earlier, Campeau had operating net profits of C$30.4m or 67 cents a share before the inclusion of Allied Stores' results. Revenues were C$2.8bn against C$202m.

The company forecasts further losses in the fourth quarter but expects to earn more than C$2 a share before extraordinary items in 1988, as it consolidates Allied Stores and reduces debt further. Cash flow will be about C$400m.

Allied's asset sales have been very successful and beyond expectations, said Mr Robert Campeau, the company's chairman. Only the sale of Dey's Department Stores remains to be completed. The proceeds from the sale of 16 divisions will total about US$1.2bn.

Sales of Allied property have generated a further US$400m, reducing Allied bank debt by half, to US$1.6bn.

Allied assets sold now represent 38 per cent of its sales and 12 per cent of its earnings. The new Allied should achieve improved profit margins next year, resulting in earnings before tax and financial charges of about US$510m.

Campeau has arranged a refinancing of the Allied bank debt with Security Pacific Corporation at about three-quarters of a point above 30-day London interbank offered rate (Libor). The new facility provides US$1bn to cover accounts receivable, US$350m for working capital and US$300m as revolving credit.

At the end of June, Campeau's total debt was C$6.6bn, and this will be below C$6bn by the end of the year. "We are comfortable with that level," said Mr Campeau.

Allied is budgeting sales in 1988 of US$3.5bn, up from US$3.3bn this year.

Mr Campeau said that his company was not planning to get out of property development, and plans were going ahead in both Canada and the US for more expansion.

Ferruzzi Agricola profits at L58bn

By David Lane in Milan

FERRUZZI AGRICOLA Finanziaria, the main holding company for the Ferruzzi agri-industry group, has produced net profits of L58bn ($47.6m) for the six months ended August 1987, on a turnover of L2,246bn. Cash-flow was L257bn.

Comparative figures were not available for the first half of 1986. For 1986-87, the company reported net profits of L54bn on sales of L3927bn.

The Ferruzzi group's indebtedness has recently been subject to considerable attention following the acquisition of a 40.5 per cent stake in the Montedison chemicals group. It announced debts amounting to L1250bn at the end of August.

The company noted that, under programmes of investment and asset disposal already agreed, borrowings are forecast to increase by a further L196bn over the next year. But asset disposals to reduce debt are not discounted.

Mr Raul Gardini, the head of Ferruzzi, is expected to be appointed chairman of Montedison later this week.

Amoco plans Encor deal

By Robert Gibbens in Montreal

AMOCO Canada Petroleum plans to take over Encor Energy's Beaufort Sea area oil and gas properties in the Arctic in exchange for assuming Encor's C$225m ($173m) exploration debt to Arctic Petroleum of Japan.

The agreement is subject to Amoco Canada's C$5.5bn bid for Dome Petroleum being completed by January 31.

NEC takes lead in race to launch megabit chip

BY TERRY DODSWORTH, INDUSTRIAL EDITOR, IN LONDON

NEC of Japan, the world's largest semiconductor group, has taken the lead in the race to launch the first four megabit chip, a semiconductor memory device four times as powerful as anything else currently on the market.

The announcement that NEC is aiming to start shipping samples of the new chip in late 1988 underscores the dominance of the Japanese industry in making large volume memory devices, which are used in most electronics-based products.

Another Japanese company, Toshiba, led the last big leap forward in technology with the introduction of the one megabit chip, capable of storing 1m pieces of information, only a year ago. Several Japanese companies, including Toshiba, Hitachi, Matsushita and Mitsubishi, are in hot pursuit of NEC to bring four megabit products to market.

NEC says that it is planning to invest Y14bn ($136m) in its plant at Yamaguchi in central Japan to expand production lines for the four megabit device. Full-scale manufacturing will depend on customer response to samples, but is expected to start early in 1989.

There is some scepticism among users that the Japanese industry will be able to hold to the ambitious plans being announced for the new chip. Companies regularly promise more than they are able to deliver in the run up to a product launch, because of the commercial significance of being first into the market.

Customers find it too expensive to evaluate large numbers of chips from different suppliers, and therefore tend to become captive markets to the first successful products.

In addition, the one megabit chip has not been in production long enough to have defrayed the large development costs incurred by the companies that make it - and several manufacturers have encountered considerable problems in the production processes. Indeed, earlier this year, Toshiba indicated that it would try to organise its new product policy in a way that would allow it to generate maximum returns from the one megabit product before bringing in its four megabit chip.

Nevertheless, there is little doubt that the Japanese industry will strengthen its grip on memory chip production with the four megabit product line.

In the US, where the industry concentrates on more complex microprocessor devices - chips which perform "thinking" tasks - none of the main manufacturers has so far announced plans for four megabit production, although Texas Instruments is working hard on development.

In Europe, Siemens of West Germany is the only company working seriously on a four megabit product, in a project partly financed by the Government.

Bosch telecom interests widen with purchase of ANT stake

BY DAVID MARSH IN BONN

ROBERT BOSCH, the West German electrical concern, yesterday announced a further strengthening of its telecommunications interests through a doubling its stake to 81.6 per cent in the ANT Nachrichtentechnik company.

Bosch bought a 40.8 per cent stake in ANT from Mannesmann, the steel pipes and engineering group, which was eager to dispose of its shareholding on the grounds that it no longer fitted into its diversification strategy.

The acquisition - for which Bosch declined to give the price - is subject to approval of the Berlin-based Federal Cartel Office.

At the same time, Bosch announced it had also increased its majority hold over Telenorma, the business telecommunications concern currently negotiating to acquire the main telecommunications interests of the French Jeumont-Schneider group.

ANT is an important supplier of telecommunications transmission equipment. Formerly part of the AEG group, ANT is also owned to the tune of 18.4 per cent by the Allianz insurance company. Bosch and Mannesmann are believed to have become dissatisfied with running the company on the basis of their joint equal stakes.

Mannesmann, which has made strong efforts in recent years to diversify into electronics and related areas, said yesterday that its stake in ANT had become a purely financial investment. This was a result of setbacks in the original plan to use ANT as a stepping stone to build up an integrated West German telecommunications system based on digital switching.

ANT last year had a turnover of DM1.3bn ($787.8m) and employed 7,000 workers.

Bosch already owned a majority of Telenorma through a holding company in which AEG has a minority stake. This holding company has now increased its stake in Telenorma by 34 per cent to close on 100 per cent. The company has a turnover of more than DM2bn and employs 17,000 people.

Merck to divest from South Africa

By Jim Jones in Johannesburg

MERCK, the US chemicals and pharmaceuticals company, has divested from South Africa and sold MSD, its wholly owned local arm, to Barlow Rand, the industrial and mining group. MSD distributes human and animal health care products and will be incorporated into Tiger Oats, Barlow's food subsidiary.

Mr Patrick McLaughlin, a Tiger official, said in Johannesburg yesterday that he did not know Merck's South African sales figures and that these were being discussed by representatives of MSD and Tiger yesterday. He said the sale price was not being disclosed at the request of the US company.

As part of the deal Merck, which employs some 280 workers in the country, has agreed to give MSD access to all its research and products for an indefinite period. Mr McLaughlin said the South African company would enjoy the same relationship with its former parent as do Merck's other outlets around the world.

WOW to meet its creditors

By Louise Kehoe in San Francisco

WORLDS OF WONDER, (WOW) the financially-strapped US electronic toy maker, is to meet creditors on Thursday, Mr Angelo Pezzani, its president, said. Major unsecured creditors, including US and Hong Kong suppliers, are expected to attend.

The company recently announced heavy losses and has been sued by at least three creditors over debts.

INTERNATIONAL COMPANIES & FINANCE

Counter-bid for Spanish bank

BY DAVID WHITE IN MADRID

BANCO DE BILBAO yesterday launched its bid for control of Banco Espanol de Credito (Banesto) and was immediately met by a surprise counter-bid headed by Petroleos del Mediterraneo (Petromed), an oil company controlled by Banesto and at the same time one of the bank's main shareholders.

Bilbao's offer, understood to involve a premium of about 40 per cent over the last traded Banesto price, was lodged after the failure of last-ditch negotiations on Saturday and Sunday with Mr Mario Conde, Banesto's new vice-chairman. Mr Conde succeeded Mr Jose Maria Lopez de letona, chairman-designate of the bank, who resigned on Friday night. Speculation that the change might produce a better climate for a friendly merger pact soon proved unfounded.

The terms of the hostile Bilbao bid were understood to be seven Bilbao shares plus Pta15,000 ($136) for 10 Banesto shares. Bilbao's shares last changed hands at Pta6,900 and Banesto's at Pta4,500. Trading was suspended on November 20 after Bilbao announced it had started merger talks.

The operation would be linked to a new equity issue by Bilbao, with the share exchange involving six new shares and one old share.

The existence of a counter-bid was confirmed by the Madrid stock market authorities when they ordered a further suspension of trading in shares and convertible bonds of both banks yesterday.

Bilbao was due to announce its terms publicly last night and Petromed said it would disclose details of its bid later. Both are for all of Banesto's 65.17m shares.

Petromed, an oil refiner with annual sales of about $650m, is about 60 per cent owned by the Banesto group through portfolio subsidiaries, and in turn holds about 6.5 per cent of Banesto. Before the recent entry of Mr Conde and his associate Mr Juan Abello, who are now believed to hold about 7 per cent, it was the largest single shareholder. Its chairman Mr Juan Herrera, linked to one of the traditional Banesto families, is a member of the Banesto board.

Petromed's shares rose 35 points to 745 per cent of par on the Madrid bourse yesterday.

The counter-bid can count on backing from the top Spanish insurance company Union y el Fenix Espanol and the cement company Valenciana de Cementos Portland, which have the same kind of links as Petromed with the bank. The insurance company, whose chairman Mr Jaime Arguelles is also a vice-chairman of Banesto, refused yesterday to disclose the size of its shareholding in Banesto.

Paribas revises forecasts downwards

By Paul Betts in Paris

PARIBAS, the recently privatised French banking group, has revised downwards earlier forecasts of a sharp rise in net profits this year as a result of the recent stock market collapse.

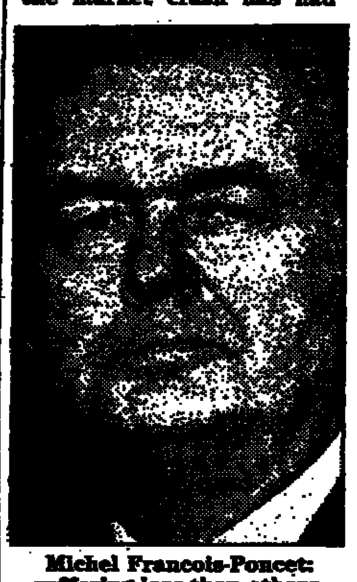
Mr Michel Francois-Poncet, the chairman, said he now expected to report flat earnings for this year or, at best, a small increase over last year's profit of FFr1.7bn ($303.5m), excluding minority interests.

Although Paribas, like other French financial institutions, had not escaped the repercussions of the stock market crash, the group stressed that the situation was under control.

In fact, Paribas appears to have suffered less than some French banking groups. Net asset value decline by 8 per cent between the end of June and the end of compared with an average fall in the bourse over the same period of 23 per cent.

Group net asset value fell from FFr 480 a share at the end of June to FFr 440 at the end of October. With the stock market decline in November, net asset value has weakened further to FFr 430 a share.

Mr Francois-Poncet said the market crash has had



Michel Francois-Poncet: suffering less than others

both negative and positive repercussions on the group's overall operations, which had broadly balanced each other out. He said that capital market operations, for example, had been profitable in October, although Paribas lost about £1.2m ($2.16m) to £1.3m in underwriting the British Petroleum flotation.

Mr Francois-Poncet announced a large-scale internal reorganisation designed to simplify and streamline banking operations. The reorganisation, due to be completed by the end of this year, will involve regrouping of the domestic and international banking activities in the Banque Paribas.

However, group stakes in Credit du Nord and Compagnie Bancaire will continue to be held separately under the structure.

The internal reorganisation will double the size of Banque Paribas which will absorb operations formally grouped in the Paribas International subsidiary. Banque Paribas' consolidated capital funds will thus increase to FFr8bn compared with FFr3.8bn under the old structure.

Mr Francois-Poncet acknowledged that the recovery of Credit du Nord, in which Paribas owns a 51 per cent controlling stake, was likely to be delayed. Paribas had originally hoped to see the retail bank, which reported a loss of FFr115.5m for the 1987 first half, break even in the second six months.

Higher income from Deutsche Babcock

By Our Financial Staff

DEUTSCHE BABCOCK, the West German engineering group, has increased net income by 15 per cent to about DM45m ($27.2m) for the year ended September 1987.

The company said increased cash-flow would allow the dividend to be raised to at least DM5 per share from the DM3 of a year earlier.

Group sales fell 6 per cent to DM4.8bn from DM5.1bn in the previous year. The lower turnover reflected the planned reduction in construction and trading activities, the company said. Turnover within the industrial plant and machinery divisions was maintained at DM4.3bn.

Group order inflow fell 4 per cent to DM4.6bn from DM4.8bn at the end of 1985-86.

Finvest in deal with Ericsson

BY SARA WEBB IN STOCKHOLM

ERICSSON, the Swedish telecommunications and electronics group, has signed a letter of intent to sell its capacitor operations under the RIFA name to Finvest, the Finnish electronic components and industrial automation company.

The size of the deal was not disclosed. However, Ericsson's capacitor operations employ 1,000, are expected to have sales in 1987 of between SKr300m to SKr350m ($58m), and break even.

Finvest reported sales of FM147.4m ($36.2m) for the financial year 1986-87 and profits (before tax and extraordinary items) of FM7.8m, though Mr Jorma Eloranta, Finvest's managing director, said that sales are expected to be considarably higher this year due to other acquisitions.

As part of the deal, Finvest will acquire two capacitor units in Sweden, a French subsidiary and a marketing unit in Stockholm.

The acquisition will allow Finvest to develop its core business further, Mr Eloranta said. "We were not direct competitors with Ericsson but this means a good position for us globally and will make us market leaders in the Nordic region," he added.

Ericsson said it was willing to sell its capacitor business because it did not want to have to invest heavily in a mature market. The company added that the deal would "release some capital."

The Swedish group will take an 18 per cent stake in the new RIFA (under Finvest), which will continue to supply Ericsson with capacitors.

Ericsson's component operations, which up to now carried the RIFA name, had total sales of SKr1.5bn last year and employed 3,900. After the sale of the capacitor business (as well as the RIFA name) to Finvest, Ericsson's component business will consist of microelectronics and power supplies operations as well as a network of sales companies. The deal is expected to be completed by March, 1988.

● **Kansallis-Osake-Pankki**, the Finnish bank, has begun its new share issue, part of the inflow of which is destined to raise nominal capital by FMk615m to FMk2.87bn ($705m). The issue is a one-for-four at FMk41 each

CFP offshoot offers to buy holding in Saga

BY KAREN FOSSLI IN OSLO

TOTAL MARINE NORSK, the Norwegian subsidiary of the French CFP oil group, has offered to buy a 5 per cent stake in Saga Petroleum, the Norwegian independent oil company and one of Norway's largest quoted companies.

Earlier this year Saga, in which Volvo of Sweden has a 20 per cent stake, was given permission to double its international shareholding to 40 per cent. It planned to achieve this through an overseas secondary offering and the issue of an international convertible bond. Plans for the convertible bond could now be postponed.

Saga said that the purpose of the secondary share offer was to gain a wide spread of shareholders. In contrast the CFP offer posed instead a concentration of the shares. CFP will have to gain approval from Saga's board, and possibly from Norwegian authorities, Saga said.

Saga's board is to meet in mid-December and may then take a decision on the CFP offer.

The company announced early November a three-fold increase in operational results in the third quarter to NKr136m ($21.1m) from NKr46m in the same period last year.

Kugelfischer expects big profits reverse this year

BY OUR FINANCIAL STAFF

KUGELFISCHER, the West German engineering group, expects net profit to be halved this year from the DM55m ($33.3m) achieved in 1986 because business has been hit by the collapse of the dollar.

The company said the lower profits were unavoidable in spite of cuts in costs and personnel. The dollar fall hit exports and intensified competition both at home and abroad.

Group turnover in the first 10 months of 1987 fell about 1 per cent to DM2.63bn, but was expected to be unchanged for the year as a whole.

The company said it cut personnel costs by DM23m in the 10 months and hoped its cost-saving measures would cushion it next year against currency fluctuations and wage negotiations.

Kugelfischer said earlier this month it would reduce its workforce by 800 to 900 this year from 22,165 and continue cutting jobs next year.

The report said most investment funds this year were for plant modernisation and increased efficiency.

Incoming orders in the industrial technology division were slightly stronger over the 10 months. Orders in hand were hardly changed, the company said.

Wagons-Lits sees up to 30% increase in profits

BY OUR FINANCIAL STAFF

WAGONS-LITS, the Belgium-based tourism group, expects profits this year to exceed those of 1986 by between 25 and 30 per cent and has set itself a target of doubling profit between 1986 and 1989.

The company said that, in spite of difficulties in the hotel sector in July and August, profits had increased in line with group objectives. The company had every hope of reaching its goal this year following an 8.8 per cent increase in group turnover to BFr32.1bn ($927.7m) in the first half of 1987.

Most turnover growth came from catering, which showed an 8 per cent increase to BFr14bn. Profits growth was also aided by the company's takeover of duty-free shops at Brussels' airport at the beginning of the year.

Wagons-Lits has changed its method of calculating turnover in tourism so that the figures for first half 1987 are not comparable with the BFr28bn figure for revenues originally announced for the first half of 1986.

The company now includes only the commission received from ticket sales, and not the value of the tickets themselves. By the new method, tourism turnover rose to BFr6.2bn in the 1987 first half, from a revised BFr5.8bn.

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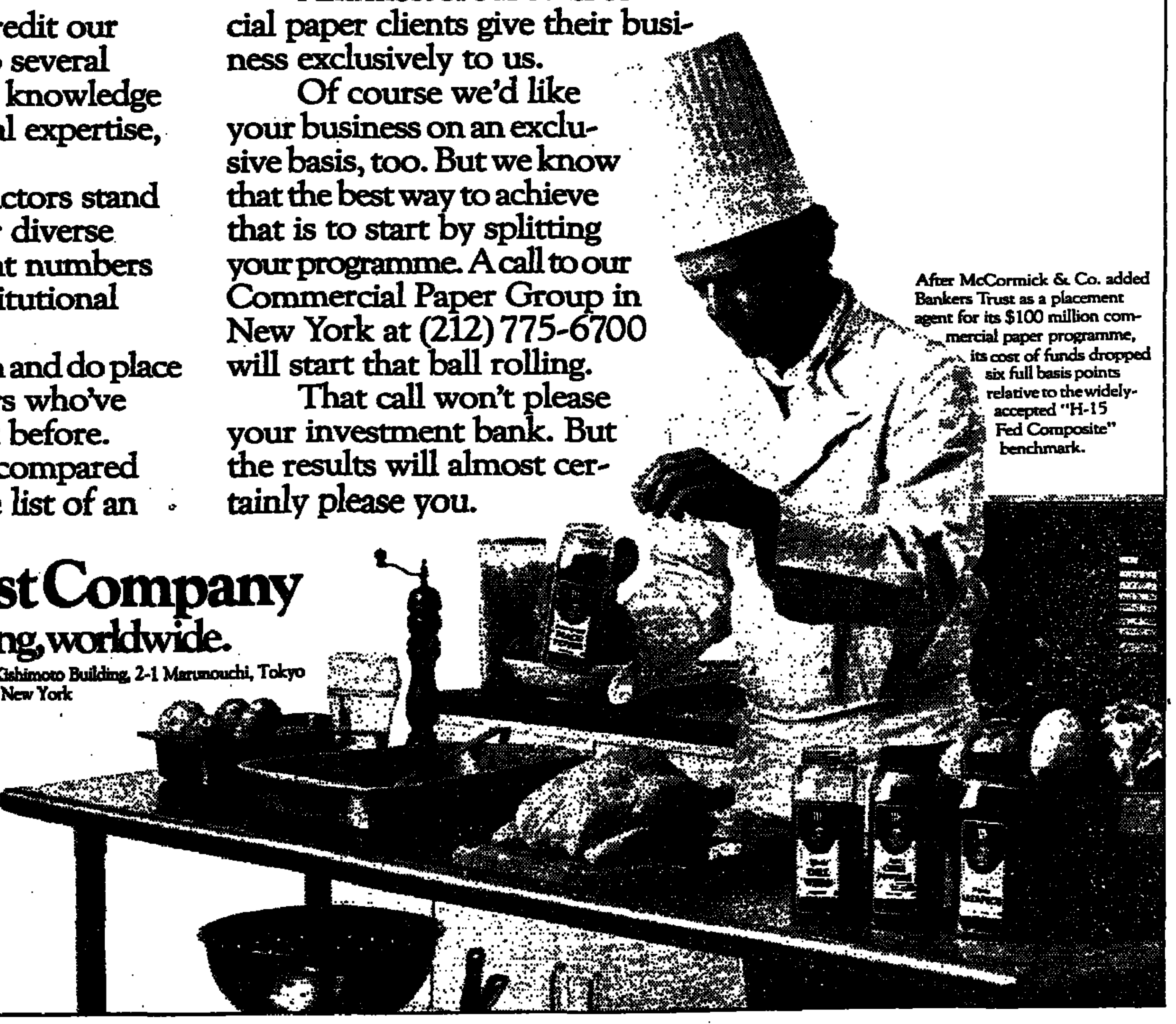

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Singapore Press lifts profits by 25%

By Roger Mathews in Singapore

SINGAPORE Press Holdings, the publisher of all the country's leading newspapers, showed after-tax profits of S$91.9m (US$45.2m) for the year to August, a rise of 25.5 per cent.

Turnover was up 9.4 per cent at S$790.7m. The improvement in part reflected the buoyancy of the Singaporean economy which is on course for real growth of about 9 per cent this year.

However, in common with more general warnings about the impact on Singapore of a slowdown in world growth rates, the group has cautioned about prospects in the coming year.

Earnings in September and October were ahead of last year, but the impact of the slump in stock market prices had yet to be fully felt, it said. Newsprint costs were also rising and further upward pressure suggested earnings growth would not continue at the same level.

The company has benefited from increased advertising volumes and has been developing its printing and publishing activities which could prove vulnerable to a fall in external demand.

Pioneer to take control of Giant

BY CHRIS SHERWELL IN SYDNEY

PIONEER CONCRETE Services, the Australian resources and building products company, was yesterday poised to acquire a controlling stake in Giant Resources after a A$300m (US$208.5m) deal with the troubled Ariadne group.

Giant's mineral and gold resource investments in Australia, New Zealand, Canada and Guyana make it one of the principal assets of Ariadne, which until yesterday held a 39 per cent stake in the company. Ariadne is the Australian arm of entrepreneur Mr Bruce Judge's empire.

Under the first part of a two-pronged deal, Pioneer Concrete, through its 80 per cent-owned listed subsidiary Ampol, has acquired 54.7m Giant shares, or 18.9 per cent, to take its overall stake to 19.9 per cent.

The price paid, A$2.20 a share, represented a significant premium on last Friday's closing price of A$1.56. Yesterday the shares finished at A$1.85.

Pioneer Concrete has also acquired 17.6m listed options for A$4.4m and 34.8m unlisted options for A$42.1m, making the overall consideration for this part of the deal A$166.8m.

Under a second agreement, which still needs the approval of Giant shareholders, Pioneer Concrete will acquire a further 60.53m Giant shares, also at A$2.20 per share, to take its total stake to 44 per cent.

A statement by Sir Tristan Antico, Pioneer Concrete's chairman, said Giant's developed operations would contribute immediate profits to the group. Additional profits would result from other activities coming onstream.

Mr Judge said Ariadne had decided some time ago to sell its holding in Giant in order to give it cash flow. He was also quoted as saying Ariadne's profit on the deal would be close to A$150m. Ariadne still has investments in a Queensland resort development and in a US savings and loan business.

It was not clear yesterday how Pioneer Concrete's purchase would affect moves by Mr Robert Holmes a Court, the Perth entrepreneur whose Bell stable holds a 16.6 per cent stake in Pioneer Concrete and a 6.5 per cent stake in Ampol, both bought in August.

In the weeks since the share market collapse, Mr Holmes a Court has been variously described as a seller of his Pioneer Concrete stake and as a potential bidder for the company.

For Pioneer Concrete, the move is plainly an important expansion. Its shares rose 15 cents yesterday to A$3.10. Ariadne lost 5 cents to 60 cents.

UBS meets first-half earnings forecast

By Jim Jones in Johannesburg

UBS HOLDINGS, the South African financial services group, matched its pre-listing earnings and dividend forecast in the six months to September.

The company emerged in its present form in October last year when United Building Society decided to terminate its status as a mutual company and diversify out of the home loans sector.

Advances increased to R8.65bn ($4.4bn) at the end of September from R8.10bn at the end of March. Although lending exceeded the company's expectations, lower interest rates cut interest receipts and interest payments on deposits.

The half-year's interest on advances was R580m against R1.25bn during the year to end-March. Interest paid on deposits was R448m during the six months against R968m in the last full year. Interim pre-tax profit was R81.0m against the last year's R210.3m.

In August, UBS and Volkskas, South Africa's fourth largest banking group, exchanged shares to give UBS 30 per cent of Volkskas and Volkskas 10 per cent of UBS. At the same time the two companies established United Bank, a commercial bank.

In recent weeks, banks and building societies have been cutting interest rates to gain mortgage business and analysts believe the lower rates will persist for most of 1988.

Net earnings were 21.5 cents a share and an interim dividend of 10 cents has been declared, matching the forecast in the pre-listing statement. Net earnings totalled 49.2 cents a share in the year to March and a single dividend of 13 cents was paid.

Tata companies improve interim results

BY R C MURTHY IN BOMBAY

TWO TOP companies in India's Tata group, producing steel and commercial vehicles, have improved their performance in the half year to September.

Tata Engineering and Locomotive Company (Telco), India's largest producer of commercial vehicles, returned to the black with a net profit of Rs32m ($2.46m) against a loss of Rs103m. Vehicle production surged by nearly a third to 21,500 units after a year of recession when production had to be cut to match reduced demand.

Sales rose by some 29 per cent to Rs5.03bn. Mr SM Moolgaokar, Telco's chairman, says the rising trend in sales is expected to continue in the second half. Backed by in-house research and development, Telco has introduced a completely locally-produced light commercial vehicle and is competing successfully with vehicles produced by Japanese/Indian joint ventures.

Telco plans to introduce a small two-tonner which can be used in urban and rural areas. To support the launch, the company made a Rs1.06bn rights issue, which was oversubscribed by a third.

Pre-tax profits of **Tata Iron and Steel Company** (Tisco), India's largest private sector company, rose by nearly a third in the half year to Rs404.9m on an 8 per cent increase in sales to Rs6.61bn. Net profits were up 10 per cent to Rs286.5m.

Analysts say the company normally does better in the second half than in the first and, if it is able to sell at enhanced prices, full-year profits are expected to surge. Most steel prices are fixed by the Government and increases are allowed periodically to compensate for rises in costs. The last price increase was granted nearly two years ago.

Malaysian Airline System ahead

BY OUR FINANCIAL STAFF

MALAYSIAN Airline System, the national flag carrier, expects improved full-year earnings after lifting pre-tax profits by nearly a third in the six months to September to 77.29m ringgit (US$31m) compared with 58.21m ringgit.

Group turnover rose to 793.68m ringgit from 695.32m ringgit, while net profits were 75.57m ringgit or 22 cents a share against 56.91m ringgit or 16 cents.

Consistent with the recovery in the domestic economy, operating revenues from passenger and cargo business improved by 14.7 per cent and 20.4 per cent respectively in the first half of the year.

MAS gained a listing on the Kuala Lumpur Stock Exchange two years ago following a government share issue. In addition to its mainstream business, the group also holds a monopoly on providing customer and traffic services for other airlines through the country's airports.

Galadari Brothers reach agreement on loan

BY ANGELA DIXON IN DUBAI

GALADARI BROTHERS, the debt-troubled Dubai trading group, has come to an agreement with a syndicate of nine banks led by Citibank over a loan of Dh266m ($72.4m).

The loan was secured by a mortgage on the 90 per cent interest which Galadari Brothers holds in the Dubai Intercontinental Hotel and Plaza Apartments. The banks also have an assignment of the income from the Plaza Apartments.

Repayment will effectively be made in full, according to one of the banks, but the Galadari group had been given a "very favourable" repayment period. The Court of Appeal on Sunday confirmed an agreement reached among the parties on the amount of the debt and on the validity of the mortgage.

Royal Bank of Canada, one of the syndicate, says it is confident that Galadari Brothers is on the way to being the major trading group that it once was and that, it believes, is why the syndicate was content with the agreement.

With the settlement of the syndicate debt, only a separate claim by Dubai Bank remains outstanding. Dubai Bank made a Dh401m claim in the lower court, which gave a judgment in its favour but for a sum of only Dh244m. This is currently the subject of an appeal from both sides.

Tokyo Gas suffers downturn

By Ian Rodger in Tokyo

PRE-TAX profits of Tokyo Gas, the largest gas utility in Japan, plunged to Y13.7bn ($102.5m) in the six months to September, down 51 per cent.

It attributed the decline to rate cuts imposed because of the lower cost of imported gas. Gas sales were up 1.8 per cent in volume, but declined 12.2 per cent in value. However, gas equipment and other sales rose 7.1 per cent, offsetting the decline.

Group revenues dropped 9.1 per cent to Y296.7bn. Net profit was down 39 per cent to Y13.9bn. The company expects full-year profits of about Y65bn, half the level of the previous year.

Rights issue by Bisley Investment

By Bruce Jacques in Sydney

BISLEY INVESTMENT, a futures and commodity trading company associated with Mr Brent Potts, a high-profile Australian stockbroker, has announced a one-for-one rights issue.

New shares will be issued at par value of 40 cents compared with a range last week around 22 cents and each will have a free option attached for one share. The shares have firmed since news of the issue, which will raise A$37m (US$25.7m).

Bisley directors and their associates, who control about 20 per cent of the company, will take up their full entitlement. The issue will be underwritten by BNZ Securities, part of Bank of New Zealand.

Bisley shares peaked at A$6 earlier this year and the company scored a 20-fold increase in net profit to A$9.7m in its year to June. However, the shares have been among the worst sufferers in the crash, sliding to a low of 19 cents.

The company acknowledged on Friday that it had suffered a A$30m net loss on Sydney's share price index futures contract.

Five-year $200m issue by Metropolis of Tokyo

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

THE SLIDE of the dollar to new lows yesterday fostered renewed uncertainty in international bond markets, which as a result failed to follow their recent pattern of moving in inverse relation to the stock markets.

Falling share prices on Wall Street had encouraged a flight to liquidity in the short end of the US Treasury market, pushing Treasury bill rates sharply lower. This failed to benefit longer maturity US paper, where worries about the sliding dollar and its impact on inflation predominated. In the secondary market, Eurodollar bonds ended the day up to ½ point lower.

It was into this unpropitious environment that the **Metropolis of Tokyo** launched a $200m five-year bond issue, guaranteed by Japan. The coupon of 9½ per cent and the issue price of 101.5 meant a yield pick-up to the five-year US Treasury of about 80 basis points annualised, said lead manager Industrial Bank of Japan.

This was viewed as a fair margin for such a high-quality issue, making it the latest of a series of deals which have been sensibly priced, and the lead manager quoted the issue within fees at less 1.85 bid at the end of the day.

However, IBJ had been a buyer of bonds, particularly in the morning, aiming to preserve the 80 basis point spread.

Traders said that issues for Japanese borrowers had, fairly or unfairly, developed a reputation for illiquidity, since many are sold to Japanese investors which have a reputation of holding them to maturity. This, added to worries about the dollar, had combined to subdue demand.

INTERNATIONAL BONDS

Despite the rise of the Japanese currency, dealers said the yen bond markets failed to gain much favour. In Euroyen, this was partly because new issue activity is expected this week. Investors have been able to win a yield pick-up on seasoned issues by investing in new issues, and therefore were reticent about committing funds to the secondary market. Talk surfaced about a bond of Y20bn for a French agency, perhaps **Credit Foncier**, over five or seven years.

Traders said that cash trading in the Japanese government bond market had been subdued by the switch to the new benchmark bond, the **No 105**, maturing in 1997. This issue is in two parts - the November tranche of Y800bn and the December tranche of Y700bn - which will not become completely fungible until June.

Some traders think the individual portions are too small to guarantee the liquidity of the issue until then. In the mean time, it may mean that users of the market might prefer to use the futures rather than the cash market, one dealer remarked.

In D-Marks, both Euro and domestic bond issues were up to ½ point firmer at the long end, and 20 basis point at the shorter end. There was some profit-taking in Euro D-Mark issues after the Bundesbank moved in to support the dollar.

Details will be announced tomorrow of the new **Federal Post Office** bond. A DM2bn issue is expected with a 10-year maturity and a yield of about 6½ per cent.

Commerzbank launched a DM300m issue with a five-year maturity, par price and a 5⅛ per cent coupon. The issue, priced in line with an issue for **Deutsche Bank** launched in early November, was generally well received and was quoted at a discount of ⅝ below issue price.

In Ecu, **Credit Foncier** issued Ecu50m of bonds, guaranteed by the Republic of France, through Banque Paribas Capital Markets. The issue, which was preplaced, is fungible with the 7⅝ per cent bond maturing in 1994 that the bank led in April. Its issue price of the second tranche was 97½.

In guilders, there were two private placements. A Fl 150m deal was brought for **Philips**, the Dutch electrical group, with a five-year maturity, a 6¼ per cent coupon and a 100½ price. Am-Ro lead-managed the issue.

Rabobank Nederland issued and lead-managed a Fl 100m deal with a five-year maturity, a 6¼ per cent coupon and a 100½ issue price. In Switzerland, the bond markets continued steady with reasonable turnover and a firmer undertone thanks to the weaker dollar. A seven-year private placement for the **Electricity Supply Board of Ireland**, through Credit Suisse, was given a 5 per cent coupon and a 100½ issue price.

A SFr200m public issue for **Philips**, carrying a 4½ per cent coupon for seven years, closed its first day's trading yesterday at par, ½ below its issue price, a better than expected performance. A SFr120m issue for **USF&G** gained ¼ points yesterday to trade at 98.

Terms for BSN $600m facility disclosed

BY ALEXANDER NICOLL

CREDIT LYONNAIS yesterday disclosed terms of the $600m multiple-option facility which it is arranging for BSN, the French food group.

The five-year facility includes a confirmed credit line which carries no interest margin over London interbank offered rates if it is drawn in Eurocurrencies and 10 basis points above Paris interbank offered rates if it is drawn in domestic French francs.

The facility fee is 5 basis points and the borrower will pay utilisation fees of 2 basis points if the facility is drawn up to one third of the total, 4 basis points up to two-thirds, and 6 basis points above that level.

State Bank of India launches Rs1bn fund

THE STATE Bank of India today launched the first of four domestic mutual funds planned by state-owned banks and investment houses over the next six months, Reuter reports from Bombay.

The funds aim to tap about Rs5bn ($385m) for investment in shares, in a bid to revive the country's depressed stock markets.

Mr D N Ghosh, chairman of the State Bank of India, whose subsidiary, SBI Capital Markets, launched the Rs1bn fund, said: "Our emphasis is on tapping investors in villages and small towns who are not exposed to stock markets."

The four new issues will all be fixed-income, closed-end funds whose managers will buy back the certificates at or above par even if their net asset value goes down.

The SBI mutual fund offers 2m certificates of Rs500 each with a maturity of 5½ years, at interest of 12 per cent, higher than the maximum 11 per cent payable on bank deposits.

The second venture is understood to be a Rs1bn fund by Canara Bank and the two others, totalling Rs3bn, are by the Life Insurance Corporation and the General Insurance Corporation. Investments from the funds are expected to flow into the markets from January onwards, beginning with the SBI fund which closes on December 29.

The SBI mutual fund is the second to be floated on the Indian domestic capital market. The first, a Rs1.5bn fund, was set up by the state-owned Unit Trust of India in October last year.

Merchant bankers said two open-ended offshore funds are also expected early next year. Birla Bombay Private, a local group, is setting up the funds in collaboration with SG Warburg, the London-based merchant bank, to tap investment by foreigners and non-resident Indians.

Indian institutions and companies have floated three offshore funds in the last three years. The biggest of these, totalling £75m, was floated in London by UTI in collaboration with Merrill Lynch. Unlike the new funds, the UTI funds are quoted on the Bombay and London stock exchanges and their certificates are redeemable at net asset value.

Indian stock markets have been depressed since June 1986, after enjoying an 18-month boom when they attracted large numbers of investors among people who had traditionally kept their money in banks.

A severe drought, the worst in 100 years, has affected the economy, while Mr Rajiv Gandhi's Government has suffered several political setbacks.

The index of the Bombay Stock Exchange, India's biggest, which rose to 660 points in June 1986 from 280 in January, 1985, steadily fell to 415 in June this year before marginally recovering to 427.92 on November 27.

Indian markets, insulated from external factors and functioning under controls, were not affected by the world stock market crisis.

US share link with Singapore postponed

A PROPOSED link that would have allowed the trading of 35 US stocks in Singapore has been postponed, AP-DJ reports from Singapore.

The Stock Exchange of Singapore has announced that the link, which will allow the trading of 35 stocks listed with the US National Association of Securities Dealers (NASD) in Singapore, has been deferred until the first quarter of 1988 because of "recent developments."

Equities in Singapore were badly hit in the worldwide collapse of stock exchanges last month. After an initial bout of selling, trading volume has declined to record lows.

The Singapore exchange said, however, that the transmission of trade information from NASD to Singapore, which began on November 16, will continue.

Regulations and membership requirements have been finalised and several local and foreign brokers and other financial institutions have indicated that they will make a market in the US stocks when trading starts.

A foreign equities market committee has been formed to supervise trading once it is under way.

Peter Montagnon on Big Bang day for the UK export credit market

Euromarket green light for ECGD

A NEW era opens today for Britain's export credit market with the coming into force of pricing rules that will allow some £8bn in medium-term loans guaranteed by the Export Credits Guarantee Department to be refinanced in the international bond market.

The rules were agreed between the Government and the City in September. They are designed to reduce the cost to the British taxpayer of subsidising export credits through a reduction in margins paid to lending banks as well as giving the ECGD the authorisation to refinance export credits in the securities market.

But although today is "Big Bang" day for export credits, the Eurobond market will still have to wait a while longer for its new issue bonanza. Poor market conditions, as well as a continuing debate over technical arrangements for export credit refinancing, are holding back the launch of the first securities market operation.

At the centre of this debate is the question of whether the new vehicle company to be established for refinancing British export credits should be an independent entity with its own established borrowing rights, or whether it should be tightly controlled by the Export Credits Guarantee Department - even if this involves some legal constraints on its activity.

This is more than just a question of politics. Though ECGD is naturally concerned to have a large say in the refinancing operation, it is also a matter of choosing a structure which offers the cheapest overall result.

At the extremes of the discussion are two possibilities. Either the vehicle company could borrow with the official guarantee of the ECGD, in which case its activities would be circumscribed by the Government's desire to limit the markets in which it borrows. Or it could borrow in its own name to refinance debt on its books that carries an ECGD guarantee. In that case, bondholders would have only the implicit comfort of an ECGD guarantee, but its choice of borrowing instrument would be greater.

The attraction of the former is that an explicit guarantee should normally produce the lowest borrowing cost on a conventional Eurobond, but some bankers believe the vehicle company should be able to tap any market in which particular windows of opportunity arise. Swapping the proceeds might sometimes result in even cheaper rates.

Mr Fred Chapman, who is in charge of finance at the ECGD, says he does not want to preempt this argument, but he makes it clear that his thinking currently veers towards a vehicle company with direct guarantee authority.

"My preference is for whatever solution produces the lowest cost of funds. The working assumption is that Gefco would do that." Gefco is a vehicle company specially established by Lloyds Bank to refinance rescheduled official loans to the Philippines and Yugoslavia and which has already raised $150m in the Eurobond market with an explicit ECGD guarantee.

Given the novelty of the refinancing scheme, Mr Chapman says he is concerned that early operations be successful. "We would much prefer to go for a benchmark in a stable market. We want something that is quite a bit below Libor (the London interbank offered rate for Eurodollar deposits)."

The implication is that ECGD would prefer to start off with a plain vanilla fixed-rate dollar bond issue that can be swapped into floating-rate dollars. It does not want to risk aborting the scheme with a badly received issue laden down with fancy bells and whistles.

Theoretically, it could already have launched such an issue, using Gefco as a temporary vehicle company. Indeed, Mr Chapman has served notice on the banking community that it would do so to exploit any suitable market opportunity that arises before the broader technical discussions are complete.

But since the agreement was struck with the banks in September, conditions have generally been rather difficult. Some export credit agencies, such as Austria's Kontrollbank, have successfully launched fixed-rate issues in the dollar market, but they have done so as part of existing borrowing programmes and ECGD sees no particular need to rush in behind.

Fred Chapman of the ECGD: looking for the lowest cost of funds

What has come as something of a surprise, however, is the volume of technical and legal work that has to be done in order to set the refinancing mechanisms in place. The banking community is adamant that Gefco, which is technically owned by a disinterested trust, is not a suitable model for a permanent vehicle company because it is associated with one specific bank. Many would like a vehicle company owned by a co-operative of banks with its own independent treasury management.

This would satisfy one official requirement that the vehicle company be a separate, non-government entity whose activities did not form part of the UK Public Sector Borrowing Requirement, but it does raise questions of who would pocket any profits. At the same time it would be hard for ECGD to have any say in its operations.

The desire to have such a say almost certainly underlies ECGD's apparent preference for a company which could borrow with its own explicit guarantee. Such a company would be constrained in its activities. For example, the Government almost certainly would not like to see it borrow in "exotic" currencies, such as Australian dollars or Danish kroner. It would be loth to issue sterling bonds that might conflict with Government funding requirements in the gilts market, and it would be unlikely to issue commercial paper.

Such limits to its flexibility would prevent the vehicle company from developing its own sophisticated treasury management role, adapting its borrowing to the complex maturity structure of export credits.

Investors in straight dollar bonds frequently prefer bullet maturities, but, according to Mr Chapman, this need not be a disadvantage in practice. ECGD has a wide range of loans on its books. It can easily pick out a bundle of refinancable credit with a maturity to suit the market at any given time.

Of growing concern, meanwhile, is the need to deal with the remaining technical problems fairly quickly. Britain is winning few medium-term export contracts these days and ECGD's book of existing loans is running down quickly. Its average maturity is only five years and many loans are due to run off within the next three years.

Unless a start is made soon, the opportunity to generate cost savings from refinancing export credits in the bond market may simply evaporate. There will be little saving to be made because there will be few loans left to refinance.

Rome to reform secondary bond market

ITALIAN MONETARY officials are studying plans which could radically transform Italy's sluggish and inefficient secondary market in Treasury bonds and attract foreign investors, **Reuter reports from Rome.**

Sources close to the Bank of Italy said the plans, designed to make the market more liquid and transparent, include the creation of a group of market makers who would quote firm, real-time prices on screens.

The reform envisages a broader range of operators than at present, including non-banking intermediaries as well as banks. Foreign banks with a presence in Italy could also participate in the market maker group. Eventually, the reform would create a market more in line with the primary dealer system in the US.

Bankers, bond dealers and stockbrokers have welcomed the reform plan. "As an idea, in my view, it's excellent and needs to be implemented as soon as possible," said Mr Poliuto Boaretto, honorary president of the National Association of Bank Treasurers.

Bond market operators said scant foreign interest in the market reflected worries about possible difficulties in liquidating investments made. They also said the reform needs to be preceded by the elimination of stamp duty, currently payable on secondary bond trades.

● A meeting of market-makers in the European currency unit bond market is expected to be held in Brussels on December 23 to discuss remedies for the decline of liquidity in the sector.

Dealers say it is only possible to trade in about 40 of the 200 issues in circulation.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on November 30

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	92⅝	92⅞	−0⅛	−0⅜	9.73
All Nippon Air 9⅝ 97	100	92½	93	−0⅛	−1½	10.59
American Brands 8⅞ 92	150	96½	97	−0½	−1⅛	9.75
A/S Eksportfinans 7⅝ 93	100	90½	91⅛	−0⅜	−1½	9.72
A/S Eksportfinans 7¾ 92	150	92⅞	93⅜	−0⅝	−1	9.51
Barc. Bk. Fin. 10⅛ 89	200	†102⅛	102⅝	—	—	8.91
Belgium 9⅛ 92	400	98½	99	−0½	−1¼	9.44
British Telecom 7⅞ 96	250	85¾	86¼	−0⅝	−1⅞	10.08
British Telecom 8⅞ 94	150	95¾	96¼	−0¾	−1½	9.70
Canada 9 96	1000	96½	97	−0½	−1⅞	9.57
Canadian Pac 10⅜ 93	100	101⅞	102⅜	−0¼	−0⅞	10.23
C.C.C.E 7⅞ 91	113	92⅞	93⅜	−0⅝	−1¼	9.38
C.N.C.A 7¾ 91	150	92⅜	92⅞	−0½	−1¼	9.52
Coca-Cola Ent. 8¼ 90	100	†96⅞	97⅜	−0½	−1¼	9.50
Credit Lyonnais 9 91	200	98⅞	99⅜	−0¼	−0⅞	9.30
Credit National 7⅞ 92	100	93	93½	−0⅜	−1⅛	9.29
Credit National 7¾ 91	150	93⅜	93⅞	−0⅜	−1	9.20
Denmark 7⅛ 92	500	91	91½	−0⅜	−1⅞	9.71
Denmark 8¼ 91	300	96⅝	97⅛	−0¼	−1	9.28
E.E.C 7 91	100	93⅜	93⅝	−0⅝	−1⅛	9.04
E.E.C. 7¼ 93	250	91⅛	91½	−0⅜	−1¼	9.42
E.E.C 8¼ 96	100	90⅞	91⅜	−0½	−1⅝	9.81
E.I.B. 7⅝ 93	100	91⅛	91⅝	−0⅜	−1⅝	9.56
E.I.B. 9⅝ 97	150	96¾	97¼	−0½	−1½	9.85
Finland 7⅞ 97	200	87¼	87¾	−0⅝	−1¼	10.01
Finland 7½ 93	200	91⅛	91½	−0⅜	−1⅛	9.52
Ford Motor Cred 11⅝ 90	100	104½	105	−0⅜	−0⅞	8.87
Gen Elec Credit 10¼ 00	200	101⅞	102⅜	−0⅜	−0⅞	9.96
G.M.A.C. 8 89	250	98⅞	98½	−0⅜	−0⅞	9.10
G.M.A.C. 8¼ 89	200	98¾	99¼	−0⅜	−0¾	8.89
Hoesch 8¼ 97	100	†89	89½	+0⅛	+0½	10.07
Hoesch 7⅞ 92	100	†94½	95	−0⅛	−0⅜	8.87
Hoesch 7⅞ 94	300	†91	91½	+0⅜	+0½	9.78
Liberty Mutual 8½ 96	150	90¼	90¾	−0⅝	−1⅝	10.19
L.T.C.B of Japan 8 91	100	95⅞	96⅛	−0¾	−0¾	9.34
L.T.C.B.of Japan 8 97	200	85	85½	−1	−1⅞	10.99
Mercds-Benz Cred 8¾ 92	100	97¾	98¼	+0⅛	−0⅝	8.78
Mitsubishi fin. 7⅞ 93	100	89⅜	89⅞	−0⅞	−1¼	10.26
Mutual America 7⅞ 92	100	†92¾	93¼	−0⅝	−1	9.76
Norway 7⅛ 91	500	93¾	94⅛	−0½	−1	9.21
Pepsico Inc 7⅞ 93	200	90⅛	90⅝	−0½	−1⅛	9.65
Prudential Crp. 8⅞ 94	125	95	95⅜	−0⅜	−1⅛	9.76
Qantas Airways 10⅝ 95	140	101½	102⅛	−0½	−1¼	10.01
Rep. of Italy 9 90	1000	100¼	100¾	−0½	−0⅞	8.77
Saab Scania 9½ 91	125	99⅞	100⅜	−0⅝	−1⅛	9.47
Saskatchewan 10⅜ 92	100	104⅛	104⅝	−0⅜	−1¼	9.43
State Bk S Aust 9¼ 93	100	97	97½	−0⅜	−1⅜	9.93
Swedish Expt.Crd.7¾ 91	100	93⅝	93⅞	−0⅜	−0⅞	9.24
Swed Exp Cred 10 92	100	102⅝	102⅞	−0⅜	−1⅝	9.23
Sweden 7 91	250	93⅜	93⅞	−0½	−0⅞	9.02
Sweden 7 92	250	92⅛	92⅝	−0½	−1⅛	9.22
Sweden 8⅜ 96	200	93⅜	93⅞	−0½	−1⅜	9.89
Sweden 8½ 92	200	97⅜	97⅞	−0⅝	−1	9.12
Taiyo Finance 7⅞ 94	100	†88⅞	89⅜	−0⅞	−1⅜	10.26
Toyota Mtr.Cred.7⅞ 92	150	91⅞	92⅛	−0½	−1¼	9.57
Victorian Rep 11⅜ 92	150	106¼	106¾	−0¼	−1½	9.71
World Bank 7 92	300	†—	—	—	—	—
World Bank 9 97	300	94½	95	−0⅝	−1⅜	9.85
Yasuda Trust Fin 8½ 93	100	93	93½	−0½	−1¼	10.12
Average price change... On day −0¼ on week −1						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Arab Banking 5½ 92	150	97⅝	98⅛	0	−0⅛	6.04
Avis Fin.SVS 5⅞ 92	100	†100	100½	0	0	5.80
Bank of Greece 6½ 95	150	97⅛	97⅝	0	0	6.93
Bank of Tokyo 5¾ 93	100	†102½	103	+0½	+1	5.13
Central BK. Turkey 7 92	200	†101⅞	102¼	0	+0½	6.50
Degussa Int. 6⅛ 97	200	96⅝	97⅛	0	+0¼	6.55
E.I.B 5½ 98	150	93¾	94¼	+0⅜	+0¼	6.28
E.I.B 6 97	300	98⅞	99⅜	+0⅜	−0⅜	6.18
E.I.B. 6⅛ 96	300	99½	100¼	+0¼	+0¼	6.14
E.I.B. 6⅛ 97	400	99⅝	100⅛	0	−0¼	6.15
E.I.B. 6⅞ 95	300	104⅛	105⅛	+0⅜	−0⅛	6.12
Euro.Coal& Steel 5⅞ 97	175	97	97⅜	+0⅛	+0½	6.25
Eurofima 6¼ 96	100	101	101⅞	0	−0⅞	6.03
Elec De France 5¾ 97	200	†95	96	+0¼	0	6.39
I.A.D.B. 6 97	200	96⅝	97⅛	+0¼	+0⅜	6.43
IBJ 5⅞ 92	100	†102½	103	+0¼	+0½	5.22
Japan Finance 5¾ 97	100	94⅞	95⅜	+0½	+0½	6.44
Ireland 6½ 97	300	†98¾	98¾	+0¼	+0¼	6.71
Korea Dev BK 6⅝ 93	100	99⅝	100⅛	0	−0¼	6.61
Malaysia 6 −¼ 94	150	97½	98	0	0	6.67
Oesters.Kont.BK 5⅞ 92	200	†101⅝	102⅛	−0⅜	−0⅜	5.18
Portugal 5⅝ 92	150	99⅞	100⅜	+0¼	+0⅜	5.68
Portugal 6⅝ 95	150	100½	101¼	−0¼	+1	6.47
Royal Insurance 5½ 92	300	†101⅞	101⅞	+0⅜	+0⅜	5.13
Statoil 6¼ 97	200	†96⅞	96⅞	+0⅜	−0⅞	6.74
Soc Gent Nuclear 7¼ 95	150	102⅞	103⅜	0	+1	6.68
Stowcoq 5½ 96	100	94⅞	95⅜	+0¼	+0¼	6.31
Tokyo Elec. Power 6 97	300	†97	98	+0½	+1⅞	6.36
World BK. 6¼ 97	600	100	100½	+0⅛	+0⅛	6.19
Average price change... On day +0⅛ on week +0¼						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5⅞ 96	100	†99	99½	+1⅛	+1¼	5.73
Asfinag 5 02	150	†96¾	97	+0⅛	+1	5.31
Bayer W/W 2½ 02	250	†96	97	−0⅛	+0¼	2.79
BBL W/W 2¾ 97	100	†80	81	−2	−1½	5.40
Elec.De.France 5 07	100	†97½	98	−0½	0	5.18
E.I.B. 4¾ 97	200	†98¼	98⅜	−0⅛	+0¼	4.95
E.I.B 4⅝ 97	200	†98⅜	99	+0⅜	+1⅜	4.77
Enso Gutzeit 5 99	100	†98	98½	0	0	5.20
Ireland 5 02	150	†91½	91¾	−0⅛	+0⅜	5.87
Newfoundland 5⅛ 02	150	†100½	101	−0⅛	+0⅛	5.05
Polly Peck 6 92	75	†97	98	+1	−0¼	6.69
Prov.of Manitoba 4⅞ 02	200	†99	99⅝	0	0	4.86
Prov. of Quebec 5 03	200	†97½	97⅞	0	0	5.22
Qantas Airways 4⅞ 97	110	†93½	93⅞	−0¼	−0¼	5.61
SHV Holdings 4⅞ 94	100	†99½	100	0	0	4.79
Tiroler 4⅞ 97	100	†100½	101	0	0	4.65
TNT 5 95	100	†99½	100	0	+0¼	5.04
Woolwich B/S 4½ 92	120	†97½	98	0	0	5.04
World Bank 5 02	200	†94	94½	+0⅛	−0½	5.58
Average price change... On day −0⅛ on week +0⅛						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 4⅝ 94	45	96	96½	0	−0¼	5.34
E.I.B 4⅝ 94	40	96½	96¾	−0⅛	−0¼	5.25
Elec. De France 5⅛ 94	20	99⅞	99⅞	0	−0⅛	5.24
Kansai Electric 4⅝ 94	60	95½	96	0	−0⅜	5.42
Norway 4¼ 92	60	96⅜	96⅞	−0⅛	−0⅛	5.15
Rep. of Italy 5¾ 92	150	102¼	102½	—	—	5.10
Sweden 4⅝ 92	50	96⅝	97⅛	−0⅛	−0⅛	5.15
World Bank 5½ 92	50	102⅛	102½	−0⅛	−0¼	4.96
Average price change... On day −0⅛ on week −0¼						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aegon 5¾ 91 FL	100	99⅛	99⅝	−0⅛	+0⅛	5.93
Aegon 8¼ 89 FL	100	103	103⅝	0	0	6.00
Air Products 6¾ 91 FL	100	100⅜	100⅞	0	0	6.52
Alg. Bk. Ned. 5¾ 91 FL	100	99	99½	+0⅛	+0⅛	5.97
Alg. Bk. Ned. 7⅞ 89 FL	150	103	103⅜	−0⅛	−0⅛	5.90
Alg. Bk. Ned. 8 89 FL	200	102	102½	+0¼	+0¼	5.87
American Express OC.10 94	40	†99¾	100¼	+0⅛	+0⅛	9.98
BP Capital 13¾ 92 A$	75	99⅞	100⅜	−0¼	−0⅛	13.69
Creditanstalt 14⅛ 90	60	†100	100½	0	+0½	13.89
Denmark 7¾ 92 ECU	100	†99½	100	+0⅛	+0¼	7.81
DG Fin. Co. 13¾ 90 A$	50	†104	105	−0⅛	+2	11.70
DG Fin. Co. 14 90 A$	75	†101⅞	102⅜	+0⅞	+0¼	12.88
DG Finance 14⅛ 92 A$	50	†—	—	—	—	—
Deutsche Bank 9⅞ 97 £	75	†99½	100	+0¼	+0⅜	9.90
Deutsche Bk.14¼ 92 A$	100	†101	101½	+0⅜	+0⅞	13.78
Dresdner fin.13⅞ 92 A$	100	†99¾	100¼	0	+0⅛	13.88
Electrolux 8 89 FL	60	102⅞	103⅛	+0⅛	+0⅛	5.82
E.I.B 8⅝ 93 LF	1000	†102¼	103¼	−0¼	−0¼	7.94
Euratom 7⅞ 97 ECU	145	†91⅞	92⅜	+0¼	+0⅞	8.62
Euratom 11½ 88 FL	150	102½	103	0	−0⅛	0.06
Eurofima 7½ 92 FL	50	103¼	103⅞	0	−0⅛	6.55
Eurofima 17½ 89 Z$	50	†99¾	100¼	0	+0⅛	17.31
Finland 6 91 FL	100	99⅛	99⅝	0	+0½	6.18
Ford.Mtr.Cred.13¾ 91A$	75	97⅝	98¼	0	+0½	14.46
G.M.A.C. 9 92 £	50	99⅞	100⅜	+0⅜	+1⅝	8.94
G.M.A.C. 9¼ 92 C$	75	†94¾	95¼	+0¼	−0½	10.68
G.M.A.C Aus.Fin.14 90 A$	50	99¼	100	+0¼	+0⅛	14.08
Halifax BS 10⅛ 97 £	100	†99⅞	100⅛	−0⅛	−0¼	10.38
Honda Mtr.W/W 3⅞ 90 FL	100	†105	107	+0⅛	+1	1.21
Hunter Dgns. N.V. 7 91 FL	50	101	101½	0	−0⅛	6.54
Imp Chem Inds 10 05 £	100	97⅜	97¾	+0¼	−0¼	10.31
Inv.In Ind.Intl 10 93 £	60	†100½	101	−0⅛	+0⅛	9.79
Lease Pln. Ned. 6 91 FL	50	†97½	98½	0	+0⅛	6.59
Leeds B.S.10½ 91 £	50	†101	101½	−0½	−0⅛	10.00
Mort.Bk.Denmark 6 91 FL	150	98¼	98¾	+0⅛	+0⅛	6.43
Mtge. Bk. Dn. 6¾ 91 FL	100	100⅜	100⅞	0	0	6.52
Nat.Australia 14 92 A$	50	100⅜	100⅞	+0⅛	+0⅞	0.06
Nat. West.Bk.13⅞ 92 A$	50	†97¾	98¼	0	+0½	13.70
Nationwide BS 10⅛ 93 £	75	†100⅜	100⅞	−0⅛	0	9.94
New Zealand 7¾ 93 ECU	200	†97¼	97¾	+0⅛	+0¼	8.34
Oesters.Ktbk.13⅞ 94 A$	75	99⅞	100⅛	+0⅜	+0⅞	13.61
Prudential Fin.9⅞ 07 £	150	89⅞	90⅛	−0⅝	−1⅝	10.61
S.D.R. 7¾ 95 ECU	90	†96½	97	+0⅛	+0¾	8.35
Tsthouse Forte 11⅛ 90£	50	102⅝	103⅛	0	+0⅛	9.58
Thyssen 7¼ 90 FL	50	102	102⅝	+0⅛	+0⅛	6.32
Wessanen 6¾ 90 FL	50	†101⅞	102⅜	+0¼	+0⅜	5.95
World Bank 13⅞ 92 A$	100	†98¼	98¾	0	+0½	13.77

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	.0312	99.91	100.01	11/12	7.64
Alliance & Leic.Bld 94 £	.08	99.22	99.27	21/01	10.27
Belgium 91	0	100.00	100.10	19/02	7.19
Britannia 5 93 £	0⅛	99.64	99.69	8/01	10.37
Chase Manhattan Corp 91	0¼	99.08	99.33	22/02	7.19
Citicorp 98	†0⅛	96.90	97.15	30/11	7.12
EEC 3 92 DM	†0	100.30	100.35	22/02	4.31
Halifax BS £ 94	.1	99.30	99.35	8/02	8.97
Invt. in Industry £ 94	0	97.90	98.00	24/11	9.44
Midland Bank 01 £	.1	96.16	96.36	11/02	8.97
Milk Mkt.Brd. 5 93£	0¼	99.35	99.40	30/12	10.37
New Zealand 5 97 £	.07	99.25	99.35	18/02	9.06
New Zealand 5 01	0	98.69	98.79	4/02	7⅛
Shearson Lehman Hldg 91	†0⅛	98.87	99.37	8/02	7.62
United Kingdom 5 92	0	100.11	100.17	7/01	8.19
Woodside Fin. 5¼ 97	0	98.80	98.90	28/01	7.69
Woolwich 5 95 £	0⅛	99.21	99.26	19/02	9.12
Average price change... On day −0.03 on week −0.03					

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02	8/87	62.	94⅞	96⅛	−1¼	27.33
Alco Health 6¼ 01	†7/86	26.25	71½	72½	−0¼	42.64
American Brands 7⅞ 02	†9/87	56.7	96	97½	−0¾	36.29
American Can Co. 5½ 02	†4/87	66.75	66	67	0	64.40
Ashikaga Bank 2⅞ 02	4/87	967.	106⅞	108½	−2	−2.70
Asics 5 92 DM	12/83	498.6	139¾	140⅝	0	−0.21
CBS. Inc. 5 02	†4/87	200.	92½	94	−0⅛	13.46
Chiba Bank 2⅞ 02	*†1/87	790.5	175	175	0	1.46
Fuji Hvy Inds 3 00	8/85	676.	130½	132	−4	−4.72
Fujitsu 3 99	5/84	1106.	170	171½	−10⅛	−9.21
Gunma Bank 2⅞ 02	4/87	808.	122⅞	124⅞	−3	−5.17
MCA INC 5½ 02 US	9/87	69.62	70⅞	72	−0⅛	48.34
Minolta Camera 2¼ 94DM	2/86	1004.	88	89	0	43.39
Mitsui Invst 2⅞ 01	10/86	1903.	128⅞	130⅛	−2¾	−6.13
Next PLC 5¾ 03 £	11/87	4.3	101⅞	103½	0	73.74
Nippon Elec 2⅞ 00	1/85	1295.	263½	264½	−26	−7.86
Oki Elec Ind 3½ 99	10/84	805.	166⅛	168¼	−6⅝	−3.04
Omron Tateisi 2⅞ 02	4/87	1310.	138⅞	139½	−11	−8.90
Redland 7¼ 02 £	1/87	5.4	85	86¼	−0¼	27.75
Yokohama Bank of 2⅞ 01	10/86	1014.	167	168½	+2¼	0.74
W.R. Grace 6¼ 02 US	9/87	42.12	73	74⅛	+0⅛	−38.38

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Another dawn raid on MK Electric

BY DAVID WALLER

MK Electric Group, currently subject to an unwelcome £206.56m takeover bid from RTZ, yesterday found itself on the receiving end of a "dawn raid" for the second time in a week as the French company Legrand acted to increase its holding beyond the 2.6 per cent acquired last Wednesday.

A week ago today, RTZ used the same tactic to pick up a 21.7 per cent stake.

Legrand instructed stockbroker James Capel to buy 4.5m shares at 650p, a 100p premium to RTZ's cash offer and 61p above Friday's closing price. However, MK's share price moved swiftly above the 650p level and market-makers think that Legrand managed to secure no more than 1.5m shares, taking its total holding to approximately 6½ per cent, rather than the 14.9 per cent desired.

MK shares ended the day more than ten per cent ahead, at an all time high of 657p, giving RTZ a paper profit on its stake of nearly £10m. At this level, the market clearly expects the French company to launch a counter-bid - but neither Legrand nor its advisors were prepared yesterday to give the slightest hint of their intentions.

RTZ declined to comment in any detail, but the mining, energy and industrial conglomerate is resisting the pressure to increase its offer. Mr Derek Firkin, RTZ chief executive, said that a great deal of research had gone into pitching the price at the right level; analysts recalled the fact that RTZ had not been willing to pay a high price for MK when it first explored the possibility of an agreed offer for the electricals group six months ago.

MK's management expect to meet Legrand soon and are not prepared to speculate on the French company's plans. But in a meeting last week between their advisors Kleinwort Benson, and Morgan Guaranty, advisors to Legrand, it was made clear that Legrand could afford to bid for MK - but at that stage had not determined what it intended to do.

In present market conditions, only a cash offer would have any chance of success. Analysts await with interest details of how the cash would be raised, should a bid be forthcoming. Legrand is likely to have net cash of no more than FrF250m (£24.5m) at the end of the year, compared to the £243.75m it would have to pay if it offered 650p per share.

Legrand dominates the French market for electrical accessories in the same way that MK dominates the UK market, and is the leading manufacturer such low-voltage products in continental Europe. Like MK, it has sought to expand beyond its traditional markets into fire detection, building controls and burglar alarms, markets where international growth is not hampered by local standards.

It has made no secret of its desire to expand overseas, and has operated in the UK for 18 years - but without much success. UK sales amounted to just £11.8m last years, compared to MK's UK sales of £113.1m last year.

Despite adopting a similar strategy to the Limoges based Legrand parent company, MK has not been so profitable in recent years. Legrand's pre-tax profits rose from FrF 384.1m in 1985 to FrF 567.4 last year, whereas MK's earnings have been static for the last three years.

See Lex

Alexon 50% higher at £4.2m

BY HEATHER FARMBROUGH

Alexon fashion manufacturer and retailing group, yesterday reported a fifty per cent increase in pre-tax profits from £2.8m to £4.2m for the six months to September 26 1987.

Half the group's £28.81m (£28.11m) sales came from Claremont, which manufactures and supplies women's outerwear to Marks and Spencer.

Asked about reports that Marks and Spencer might be squeezing its suppliers harder Alexon chairman Mr Eddie Tarr said that the percentage increase in turnover reported by Marks and Spencer in its interim results was less than the percentage increase at Claremont. "We have a slightly bigger share of the suppliers' cake," he added.

Clothing turnover was up by 14 per cent from £25.2m to £28.8m. Although sales to M and S rose, the major improvement in turnover came from the Alexon retail brand. In addition, there were benefits from capital expenditure and greater efficiency in both divisions.

Non-clothing turnover fell from £2.9m to £349,000. This was principally the Hornsea pottery company, which was sold in May.

Earnings per share were 14.02p (9.34p). The interim dividend is being raised from 2p to 2.5p.

Interest charges were eliminated. All expenditure will be funded from cash flow, Mr Tarr said.

A review was underway at D & H Cohen, M & S supplier, which was acquired last month for £14.3m, taking Alexon into the men's and childrenswear businesses. Mr Tarr warned that the benefits of capital investment and greater efficiency could take two to three years to materialise.

Alexon was looking for greater growth from its retail activities. Ten outlets had been opened over the last six months.

● comment

Alexon could have hoped for a better reaction to its figures than a gloomy 3p mark down, albeit amidst a general air of stock market despondency. Beating most forecasts easily, the figures emphasised Alexon's sparkling revival. Untroubled by pottery problems, the company can concentrate on expanding its retail interests back up to 50 per cent of the total. If M & S squeezes suppliers harder, Alexon's efficiency should render it fairly immune. After a dose of efficiency treatment, there is no reason why D & H Cohen's margins should not be up to the rest of the group's. The company has the right retail formula, and sensibly has no desire to rush out to make acquisitions for acquisitions' sake. Profits should reach £9.5m for the year, putting the shares at 290p on an undemanding prospective p/e of nine times.

Gibbon Lyons progresses

Gibbon Lyons Group, USM-quoted manufacturer and supplier of printing inks, lifted pre-tax profits 45 per cent from £265,000 to £384,000 in the six months ended September 30 1987.

Turnover more than doubled from £1.95m to £4.55m. The interim dividend is lifted to 1.5p (1.32p) from earnings per 10p share of 5.2p (4p).

Tax accounted for £154,000 (£105,000) and there was an extraordinary debit of £90,000.

Mr Michael Gibbon, chairman, said the group's performance was particularly encouraging since the figures included only four months results from J.C.R.

Guinness takes stake in Irish drinks distributor

BY LISA WOOD

Guinness, the international drinks group, has taken a 29.9 per cent stake in Edward Dillon & Co, Ireland's biggest drinks distributor.

The stake is in line with Guinness's strategy of closer involvement with distributors of its drinks brands.

In addition, James Hennessy, a subsidiary of Moet-Hennessy, the French cognac business which has joint partnership agreements with Guinness in the US and Far East, has increased its stake in Dillon to 29.9 per cent.

Irish Distillers Group, the major Irish whiskey producer, held an 83 per cent stake in Dillon but this has been reduced to 40.2 per cent through the sales to Guinness and James Hennessy.

Irish Distillers, which will retain control and chairmanship of Dillon, has raised £1.7m through the sales.

Property gains fail to halt Unilock slide

Unilock Holdings, office interior contractor, suffered a 31 per cent pre-tax profits shortfall at the six months stage despite taking in an exceptional gain of £255,000 on the disposal of property at Gatwick Road, Crawley.

The Unilock partitions division maintained its volume but competitive pricing and increased labour costs had adversely affected margins.

Elsewhere, HCP, a perimeter heating systems manufacturer acquired earlier this year for an initial £3.7m, had a disappointing half year mainly because of weak supervision of its site contracting activities. Screenbase, however, increased both its sales and profits.

The half year to October 2 saw group turnover remain virtually static at £12.53m (£12.44m) but profits fall from £1.1m to £759,000 pre-tax. Comparisons have been adjusted to accord with merger accounting principles.

Tax accounted for £58,000 (£386,000) leaving net profits little changed at £701,000 (£717,000).

Earnings worked through at 3.06p (3.39p) per 20p share and the interim dividend is a same-again 1p.

The directors said it would be imprudent to make firm predictions for the year because of the mayhem in the financial markets over recent weeks and the knock-on effects.

They anticipated a better second half but added that the full year outturn would fall short of last year's record £2.26m.

OEM plunges into the red at six months

Office and Electronic Machines, sole agent in the UK for the distribution of Adler, Imperial and Triumph ranges of electronic typewriters, word processors and related equipment, plunged into the red in the first half of 1987.

For the period there was a pre-tax loss of £42,000 compared with a previous profit of £1.1m on turnover which was down from £14.24m to £12.73m. Loss per share was 0.01p compared with earnings of 11.09p and the interim dividend is passed (3p.).

Mr Allen Mills, chairman, said the disappointing result had been experienced in part because of the lack of competitive products at the time from the main suppier, Triumph Adler. The reorganisation of Triumph Adler under its new ownership had now resolved this problem.

Full provision had also been made in the accounts for an unexplained loss of £50,000 that had arisen in the Jim Davies Models division, which had since been disposed of.

There was an operating loss of £14,000 for the period (profit £1.1m) and interest took £28,000 (credit £6,000). There was no tax charge this time (£422,000).

Plantation Trust

In October, following the market crash, net asset value at **Plantation Trust** fell by 27 per cent to 97.92p. Sales were made immediately to raise liquidity with the intention of redeployment in shares which fall below fundamental values.

At September 30, the half year end, the value was 132.46p against 109.66p at the end of March.

In the six months earnings fell to 0.32p (0.55p) reflecting increased interest charges on bank borrowings prior to the July £2.2m rights issue. Total income came to £243,000 (£242,000).

Scottish Invst Trust

Scottish Investment Trust raised gross revenue 12 per cent to £14.78m in the year to October 31 1987. Net asset value per 25p share was down 4.3 per cent to 462.1p at October 31.

The directors recommended a final dividend of 4.75p (4.25p) making a total of 7.35p (6.55p) and a two-for-one scrip issue is proposed.

The directors said this result, when compared with dismal market performances worldwide, emphasised the inherent value of the trust's long-term balanced investment policies, which resulted in a 12 per cent increase in earnings to 7.35p.

VSEL 13% ahead and Trident benefits to come

By Philip Coggan

TRADING profits of VSEL Consortium, the defence contractor, rose by 24.5 per cent over the six months to September 30 but higher interest costs reduced the rise at the pre-tax level to only 12.5 per cent from £7.02m to £7.9m.

The company is currently working on building the first two Trident nuclear submarines as part of a four submarine programme commissioned by the government. The two Tridents constitute around a half of the group's £2bn order book.

VSEL has two yards - one at Barrow, where the Tridents are being built - and the other at Birkenhead, which is currently building three Upholder Class submarines and which launched the type 22 frigate Campbeltown in October.

VSEL was privatised via a employee buyout from British Shipbuilders last year.

Mr Rodney Leach, chief executive, said yesterday that "we expect profits to be in line with expectations during the balance of the current year. Profits from recent orders will benefit results in the medium rather than the short term."

Trading profits were £9.67m (£7.77m) on turnover up 7.8 per cent at £177.1m (£164.3m). After interest payable of £1.77m (£749,000) and a nil tax charge (nil), earnings per share were 11.4 per cent up at 22.4p (20.1p). The interim dividend is being increased to 3p (2p), partly to reduce the disparity between the interim and final dividends.

● comment

VSEL has not started realising any profits on its Trident contracts yet - they are not yet 25 per cent finished - and these figures relate mainly to contracts started under British Shipbuilders. In the short term, trading profits will increase faster than the pre-tax figure due to rising interest charges; but debt should start to fall in two years time at the same time as Trident profits come through. Until that happens, profits growth will be steady rather than spectacular; £17m this year and £20m next looks likely. The shares at 440p, down 20p yesterday, are on a prospective p/e of just under 10; whether the Canadians award VSEL a major submarine contract may have more impact on the shares than the underlying trading position.

Interim profit for Billingsgate City

By Paul Cheeseright, Property Correspondent

Profits of £646,000 were achieved by Billingsgate City Securities in the half year ended September 15 1987, compared with a loss of £531,000 previously.

It is an associate of S. and W. Berisford, and its sole asset is a City of London property valued at £79m.

The building, Montagu House, provides the only opportunity in London for investment in a securitised property.

Billingsgate's preferred shares will be quoted in London next year. They are entitled in aggregate to 30.44 per cent of the rental income from the property.

Firmandale builds aggressive stake in TR Technology

BY NIKKI TAIT

Firmandale Investments, the Jersey-based investment company which has been building up an aggressive stake in the £320m TR Technology Investment Trust, yesterday called for an extraordinary general meeting to consider proposals which envisage turning the fund into a split level investment trust.

According to Firmandale's advisers, Berkeley Govett, the request follows increasing frustration with TR's own efforts to develop a reconstruction scheme which would reduce the discount between the trust's share price and underlying net asset value.

"They have never talked in a co-operative manner," maintained Mr Arthur Trueger, Berkeley Govett's executive chairman last night. "There has been nothing face to face at top level - they have insisted on discussing matters via advisers."

TR announced that it was considering discount-eliminating moves two weeks ago, in the wake of Firmnadale's stake and some initial proposals from the investor along the split-level trust lines.

Mr Trueger's view of the discussions, however, is hotly rejected by both Touche Remnant, Britain's largest investment trust group, and its advisers, Morgan Grenfell. They claim that good progress has been made towards a scheme which will be in the interests of all shareholders, and that there have been frequent meetings at the advisor level.

Although TR was unwilling to disclose details of its own scheme yesterday, Morgan Grenfell did add that it envisaged giving Berkeley Govett a management role in the trust's successor.

Under the BG scheme, shareholders will be asked to vote on two alternative proposals:

● that the original proposals drawn by Berkeley Govett and Touche Remnant, which envisaged turning the fund into a split capital investment trust, allowing it to trade at or near net asset value, be implemented;

● or that 80 per cent of the fund becomes a split income/capital share trust and that the balance goes into the likes of a unit trust, allowing shareholders to cash in a nav, and that Berkeley Govett takes over management of the fund.

Yesterday, Berkeley Govett said that Firmandale, which has now lifted its TRT holding to 27 per cent, would oppose any alternative reconstruction scheme. TR, however, says that it still intends to provide shareholders with more attractive proposals of its own.

Berkeley Govett, meanwhile, has disclosed a few more details about Firmandale - saying that it is "an investment vehicle owned, via Reserve Assets, by a trust for two private individuals in Hong Kong."

It refuses to name the individuals but says they have been disclosed to Touche Remnant - a fact which TR's advisers dispute. The financing for Firmandale has come "from a consortium of eight international banks and financial institutions" - again unnamed, apart from JHI Finance which is indirectly associated with BG through a shareholding in BG by its parent company.

Astra deal may result in MoD supply contract

BY MIKE SMITH

Astra Holdings, the pyrotechnics and ammunition company, yesterday announced a deal which gives it the potential to double its size and which it says could allow it to become a supplier of bombs and shells to the Ministry of Defence.

The agreement gives it a six month option to buy BMARC (British Manufacture & Research), the Oerlikon subsidiary which makes cannons and explosives and has a turnover of £40m a year.

Mr Gerald James, Astra chairman, said he expected the acquisition, which together with licensing agreements would cost about £35m, to go ahead. In the meantime Astra has signed a £3m agreement with Oerlikon to establish its own manufacturing facilities at BMARC's plant at Faldingworth, Lincolnshire.

"This site is one of the most modern in the world," said Mr James. "It will give Astra the capability to manufacture the complete range of ammunition from small arms to medium and heavy calibre, as well as other high explosive products." Astra sees its opportunity because of the Ministry of Defence move to introduce more competition to the Royal Ordinance from other ammunition suppliers.

The company said it had not yet decided how it would pay for BMARC. One possibility is that Oerlikon will emerge with a stake in the company.

Granada in French buy

Granada Group, the television and leisure company, is spending £7.3m in cash to take full control of a French consumer electronics retailing chain in which it acquired a 20 per cent interest a year ago.

It is buying the outstanding 80 per cent of GL Distribution, which operates NASA, one of the leading French consumer electronics retailers, with a chain of 94 shops throughout the country. It specialises in the sale of TVs, videos, audio equipment and other home entertainment products - a range similar to Granada's UK chain, Laskys. The turnover in 1988 is expected to be about £100m.

The deal comes hard on the heels of last week's agreement by Electronic Rentals, the UK television rental group, to a £250m bid from Granada.

Mr Alex Bernstein, chairman of Granada, said that "the combination of NASA's well-established position and Granada's resources will ensure the rapid development of the chain."

The other 80 per cent was held by the main shareholders of Levitan, a French furniture retailer. It formed a joint venture with Granada to buy the NASA business from the French receiver.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Alexon Group ....int	2.5	Feb 3	2	-	6
Amer Business§ ....int	0.6†	Feb	-	♠	1.65
Caradon ....int	2.5	-	-	-	-
Chemoxy Int. ....int	1.85	-	-	-	-
Circaprint ....fin	1.92	Feb 29	1.28	1.92	1.28
C'try & New Town.int	0.7	Jan 29	0.7	-	2.25
Freshbake Foods ..int	0.8	-	0.7	-	2.3
Gibbon Lyons§ ......int	1.5	Feb 9	1.32	-	4
Hawthorn Leslie§..fin	0.25	Feb 16	-	0.25	-
Kynoch (G & G) .....fin	3.5	Feb 8	2.5	4.5	3
Office & Elec ....int	nil	-	3	-	8.5
Scantronic ....int	0.43	Jan 15	0.36*	-	1.2
Scottish Inv. ....fin	4.75	Feb 15	4.25	7.35	6.55
Sheraton Secs ....int	0.5†	Jan 8	0.38	-	1.13
TR Natural ....int	0.88	Jan 8	0.88*	-	4.13*
Unilock ....int	1	Jan 22	1	-	2.2
VSEL Consort ....int	3‡	Jan 15	2	-	8

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. Unquoted stock. Third market. ‡Partly to reduce disparity with final. ♠Final of not less than 1p expected.

MONTHLY AVERAGES OF STOCK INDICES

	November	October	September	August
Financial Times				
Government Securities	90.71	86.59	85.76	86.13
Fixed Interest	95.28	92.23	91.78	94.29
Ordinary	1296.0	1,637.3	1,801.8	1,758.3
Gold Mines	295.0	408.0	450.4	440.9
SEAQ Bargains (5 p.m.)	31,938	52,039	36,246	41,270
F.T.-Actuaries				
Industrial Group	849.94	1,098.28	1,200.55	1,173.47
500 Share	913.07	1,175.47	1,288.30	1,265.96
Financial Group	598.39	784.63	842.64	804.72
All-Share	827.92	1,074.51	1,174.38	1,147.72
FT-SE 100	1647.1	2,196.7	2,300.8	2,256.3

	Nov. High	Nov. Low
Ordinary	1342.7 (2nd)	1232.0 (9th)
All-Share	876.00 (2nd)	784.81 (10th)
FT-SE 100	1723.7 (2nd)	1565.2 (9th)

Caradon leaps to £9m halfway

BY FIONA THOMPSON

Caradon, the building products company which was floated on the Stock Exchange this July, yesterday reported pre-tax profits more than doubled from £4.2m to £9m for the six months to October 4, 1987. Earnings per 5p share rose 97 per cent to 12.4p (6.3p).

The company, which makes Twyfords bathroom fittings, Mira showers, Terrain plastic drainage systems and Celuform plastic timber systems, was formed through a £61m management buyout from Reed International in 1985.

Mr Peter Jansen, chief executive, said yesterday he was delighted with the figures, especially as the result was obtained through organic growth. "High levels of activity in the repair and maintenance markets and in housebuilding have provided favourable trading conditions."

The substantial cut this time in interest payable - down from £3.1m to £1.2m due to the July flotation - also contributed greatly to the increased pre-tax figure, Mr Jansen confirmed, suggesting that the operating profit figure was a more realistic guide to the company's progress. This was 40 per cent ahead at £10.2m, compared with £7.3m last year.

"We expect the second half interest charge to be nil," he said. For the year to March 29, 1987, interest payable totalled £5.5m.

Caradon was free of debt at the half year, which, with its strong cash generation, would enable it to make the capital expenditure necessary to support growth - such as introducing a new kiln at a cost of £3.5m - and to make acquisitions, said Mr Jansen. "We want to buy companies in the building materials field, that fit in with our existing ones. Initially, we would like to purchase in the UK, but then overseas, concentrating on central Europe."

Turnover increased to £82.4m from £67.9m. Tax took £3.1m, against £1.5m. An extraordinary credit of £300,000 (nil) related to interest on subscription moneys received at flotation less the cost of shares acquired for employees and corporation tax thereon. A maiden interim dividend of 2.5p was declared.

• comment

Yesterday's figures were better than many analysts expected, helped by strong volume in all four divisions, vigorous cost cutting, decreased interest charges and price rises. Caradon's products are concentrated in the upper end of the market, where customers traditionally show greater loyalty and more readily accept increases in material costs being passed on to them. While growth prospects in individual sectors look good - Mira, for example, has 13 per cent of the instant electric shower market which has been growing by 4 per cent annually since 1980 - it is the case that about 70 per cent of Caradon's sales are tied to the repair, maintenance and improvement market, where growth is slowing. This year's 6.3 per cent expansion in the repair market is expected to decline to 2.8 per cent next year and 2 per cent in 1989. The shares closed 2p down last night at 227p. Assuming pre-tax profits for the full year of £19m, that puts them on a prospective p/e of 9.

Ward White in £49m asset disposal

By Nikki Tait

Ward White, the acquisitive retail conglomerate, has finally disposed of the large industrial property portfolio which it acquired almost a year ago as part its takeover of LCP Holdings, for £49m.

The buyer is a property consortium, thought to represent Greek investors. Yesterday, Ward White said it understood that the consortium would probably be retaining some of the properties but might sell on others. Ward White itself has kept a freehold development site in Bristol - which it says has retail potential, either for one of its own chains or for possible sale to another retail group.

The properties were acquired when Ward White won its £173m bid battle for LCP last December, and comprise an industrial portfolio in the West Midlands, a science park near Cambridge and another estate at Swindon. In the last LCP accounts (to March 1986) the portfolio was downvalued to £50.25m; since then, a 112-acre site in Litchfield had been added, together with two factory sites in Bristol, and further investment made in the Cambridge/Swindon properties.

Yesterday, Ward White conceded that the disposal had not been easy, and said the LCP valuation had been on the high side. It does, however, bring to an end the bulk of the LCP-related disposals. These included the coal distribution business, which went to Anglo United for £11.25m, plus the building supplies arm (sold to F. Copson for £2m) and the construction interests, which were bought by management for £1m. That leaves Ward White with LCP's car parts retailling interests in the States - the part of the group which it always intended to retain. In the 10 months to end-January 1987, the investment properties made a pre-interest profit of £3.77m.

Adding in other sales during recent months - in particular, the Focus shoe outlets and other footwear interests - Ward White estimates that it has raised over £100m from asset sales in the current financial year.

The proceeds are being used to reduce Ward White's gearing and fund expansion of home DIY and car parts retailling in both the UK and the States. At end-January, net debt stood at almost £132m, compared with shareholders' funds of £160m.

SAS seeks major acceptances before launching BCal offer

BY CLAY HARRIS

Scandinavian Airlines System is aiming to tie up irrevocable acceptances from a majority of shareholders in **British Caledonian Group** before it officially launches a partial offer for the UK airline.

The strategy, intended to pre-empt any increased bid for BCal by **British Airways**, depends on the Scandinavian airline convincing the UK Government that BCal would remain a UK carrier even if SAS has a 40 per cent stake.

SAS will not be able to complete its financing package, which is likely to value BCal at more than £200m, or to get the firm backing of shareholders such as Investors in Industry (with a 41 per cent stake) unless and until the Civil Aviation Authority signals its acceptance of the SAS case.

The airline, a consortium owned by the Swedish, Danish and Norwegian national carriers, each half owned by its respective government and by private investors, expects to get some indication this week from the Office of Fair Trading over whether its offer would face a reference to the Monopolies and Mergers Commission.

In seeking irrevocable acceptances, the Scandinavians also want to be sure that the BCal board and its leading shareholders - which supported BA's original takeover bid in July before it lapsed because of a Monopolies reference - are not tempted away by a higher BA offer.

BA shares fell by 10p to 132p in yesterday's weak market, reducing the value of its share offer to 690p, or a total of £143m. The 575p cash alternative for BCal's unquoted shares values the company at £119m.

Executives at BA are now understood to fear that the odds have moved decisively against their being able to convince the Government to block, or even to delay through a Monopolies reference, an SAS offer for BCal.

There is also a growing feeling at BA that the episode may have backfired, calling unwelcome attention to its dominant position in UK civil aviation, even without BCal.

Chemoxy profits up 58% to £237,000 halfway

Chemoxy International, the Teesside-based processor of speciality chemicals which received a full listing in May, increased pre-tax profits by 58 per cent from £150,000 to £237,000 in the six months to September 30.

Turnover rose from £3.06m to £3.31m and earnings per 10p share worked out at 5.69p (4.87p). The directors declared an interim dividend of 1.85p.

Tax came to £83,000 (£41,000) and there was a net extraordinary profit of £194,000 (nil), leaving attributable profit at £348,000 (£109,000).

The directors said the extraordinary profit arose from the company entering into a contract with Exxon Chemical for the sale of the Hypax business while retaining the manufacture of Hypax oxidates under a linked contract.

The company was starting to derive benefit from its new plant and expected to receive a full contribution once it was operating at full capacity from late December.

Circaprint near £1.3m

Circaprint Holdings, USM-quoted maker of circuit boards, doubled its pre-tax profit to £1.25m in the year ended August 31 1987, from £627,000, on turnover £3.2m ahead at £11.73m.

The directors said they looked forward to the current year with encouragement. They stressed that benefits of the recent rationalisation, backed up by concentration on service, would remain the key to continued progress.

Earnings for 1986-87 came to 15.3p (7.9) per share, and the dividend is 1.92p (1.278p).

Maxiprint lifts turnover and halves losses

Maxiprint, USM-quoted manufacturer and supplier of colour photographic enlargement systems, nearly halved pre-tax losses from £131,155 to £67,747 on turnover up from £90,322 to £177,479 for the year to May 31 1987.

After taxes of £1,974 (nil) there was a reduced loss per 1p share of 0.697p (1.312p).

The directors said that the year had seen an operating profit of £19,561 against a corresponding loss of £113,337.

The group had considerably increased its development expenditure, the charge for the year rising to £96,000 after government grants, against £43,851 for the previous year.

Sales of the System 35 had grown and this had been supplemented by the introduction in March this year of the System 45, designed to meet professional and commercial requirements.

The directors said an even newer product, the Maxiprint Ten Eight, had no equivalent competitor at a price of under £9,000. Although on show for the first time this month, it had already received a significant response from major retailers

Sheraton Secs £2.3m boost

A sharp increase in pre-tax profits of **Sheraton Securities**, property investment and dealing, from £1.73m to £4.07m for the half year to September 30 reflects the substantial increase from £5.71m to £16.53m in property sales during the period.

Rental income was £714,000 (£556,000) and net property income amounted to £4.27m (£1.93m). Interest payable was little changed at £202,000 (£203,000) but the tax charge increased from £200,000 to £1m leaving earnings per 10p share of 2.6p (1.6p) for the interim dividend which goes up from 0.375p to 0.5p.

Mr Richard Cox-Johnson, chairman, said this is an excellent result for the period and reflects the substantial progress in the group's activities since the year end -- progress which is being maintained in the second half.

Several lettings have been completed during the period under review including a new office building in Swindon while a number of shop units in Sheraton Securities' town centre schemes have been taken by major retailers. In addition, sales of land and completed investments have taken place to both investors and owner-occupiers and three new projects have been institutionally funded.

Following the issue of 8.5m new shares to finance the acquisition of an office development in the West End of London, Mr Cox-Johnson said the group has sufficient cash resources for its development programme.

He concluded that the long held policy of having a varied and broadly based programme enables the company to view the future with continued confidence and should enable the group to make further advances over the remainder of the financial year.

Strong growth at Scantronic

Scantronic Holdings yesterday reported strong growth for the opening six months of the 1987-88 year. Demand for the group's products, including intruder alarm panels and digital communicators, increased substantially and sales reached record levels.

For the period to September 30 turnover surged from £3.79m to £7.04m and profits at the pre-tax level from £527,000 to £928,000.

Earnings emerged at 2.75p (1.89p) per 10p share after tax of £325,000 (£184,000) and the interim dividend is being raised to 0.43p (0.36p), an increase of 19 per cent.

Overseas activities all performed strongly and the recent acquisition of Alarm Parts had increased the group's market share in Denmark.

Emphasis was being placed on expanding sales of recently-developed radio products, especially in overseas markets where a number of essential regulatory approvals had been obtained.

Sales been achieved in the Middle East, where a sales presence had recently been established, and research into new geographical markets was continuing. Manufacturing efficiency was continuing to be improved via the policy of automating production following the relocation to Perival in the second half of 1986.

Fast food chain to join USM

Allied Restaurants, a chain of franchised Wimpy fast food outlets, is joining the Unlisted Securities Market via a placing.

Allied operates sixteen of the burger bars and made pre-tax profits, before non-recurring items, of £647,000 in the year July 16.

Capel-Cure Myers is placing 3.45m shares, 35.3 per cent of the equity, at 55p each giving the group a market capitalisation of £5.38m. The historic p/e at the placing price is 11.

BOARD MEETINGS

TODAY

Interims- Atkins Brothers (Hosiery), Allied Colloids, Allied-Lyons, Birmingham Mint, Boscombe Property, Buffelsfontein Gold Mining, Calor, Cape Industries, Drummond, Fashion and General Investment, General Electric, Graham Motor, Grootvlei Proprietary Mines, Hogg Robinson and Gardner Mountain, Illingworth Morris, Logitek, Lyons Irish Holdings, Marievale Consolidated Mines, Millward Brown, Monks and Crane, Norcros, Northern Securities Trust, Polly Peck, Pretoria Portland Cement, St Helena Gold, Stilfontein Gold, West Rand Consolidated.

Finals- Beatrix Mines, Berry Trust, Dundee and London Investment Trust, Leeds Group.

London Securities advances

In the six months ended September 30 1987 **London Securities** continued to progress on all fronts, and lifted its pre-tax profit from £511,000 to £637,000.

Mr David Pearl, chairman, said the most important achievements were the acquisition of a 25 per cent shareholding in Estates Property Investment and the admission to the USM of Explaura Holdings, in which the company is a major shareholder.

Since the half year, Trowers Way in Redhill (a smaller property) was sold for £700,000, some £250,000 over book value,

SHARE STAKES

The following changes to share stakes were announced in the past week: **BAA:** Sir Norman Payne, chairman, purchased 5,600 partly paid shares at 95p each.

Wilshaw Securities: Mr J.H. Pittock and Mr G.F. Whittle, directors, purchased 144,312 and G F Whittle 15,000 ordinaries respectively.

Property Security Investment Trust: Mr L.N. Tucker, director, disposed of 350,000 ordinary by way of gift.

Blagden : Mr D.R. Walde, director, acquired 50,000 ordinary and now holds 64,500.

MJ Gleeson Group: P.M. West and her family and C.M. White and her family each hold less that 5% of the company's share capital. Dr Mary Cleary and her family are now interested in 585,851 (5.86 per cent) of the ordinary capital.

Rutland Trust: London and Edinburgh Trust inceased its holding by 1.1m ordinary to 73,783,983 ordinary.

UK COMPANY NEWS

Freshbake to sue former Wold auditor for losses

BY MIKE SMITH

Freshbake Foods Group, the frozen foods manufacturer and distributor, announced yesterday *that it is suing Deloitte, Haskins* & Sells, former auditor to its Wold subsidiary, for alleged negligence.

Legal proceedings have been issued to recover "substantial losses together with interest" following the discovery earlier this year of stock discrepancies at Wold, a former competitior which it bought last January.

Deloitte said yesterday that it was going to defend this action vigorously. "We do not believe there was any negligence," it said.

Yesterday's announcement accompanied Freshbake's publication of interim results which showed group profits before tax of £2.79m, a 26 per cent improvement on the £2.21m for the six months to September 1986.

Earnings per share were down from 3.27p to 2.92p but the directors lifted the interim from 0.7p to 0.8p.

The company had already warned in August that it was writing off £5.76m and revising downwards its profits for last year from £6.6m to £5.1m to cover the problems at Wold. Yesterday it said a further downward adjustment of £1.4m to last year's accounts would be required. It added, however, that "the worst of the Wold problems are behind us."

Group turnover, helped by acquisitions, rose from £65.37m to £84.1m and the company said it should outperform trading targets set for this financial year.

In the six months reported poor weather hit vegetable cultivation and harvesting. Agricultural activities suffered losses. Manufacturing significantly improved profits and distribution returned to profitability.

Operating profits increased to £4.09m (£2.76m). Interest payments rose from £494,000 to £1.31m partly as a result of the Wold problems.

An extraordinary charge of £1.82m included £1.3m for the sale of assets to Frigofresh and £391,000 for a discontinued farming operation at Wold. However, £1.6m was released to distributable reserves following property sales.

● comment

Already bruised and battered after a rapid descent from a high four months ago of more than £2, Freshbake's shares lost another 15p yesterday to finish at 86p. The market had not been expecting the weather to have such an effect on Freshbake's performance but the real problem was Wold. When Freshbake took out its competitor last year it thought it wasbuying a company with assets of about £9m; now it claims the assets had a negative value following the discovery of stock discrepancies. Given better luck with its latest acquisitions - and the company points out that of the 13 it has made in the last three years only one has been a failure - Freshbake is on target for at least £7.1m, implying a prospective p/e of about 11.5. The shares' premium to the market and the food sector reflects bid speculation and the perception that the company is tightly managed generally. Shareholders are, however, unlikely to see much action until the company persuades sceptics that the worst is indeed over at Wold - and that may take a while yet.

UPL ahead at midway

UPL Group, importer and distributor of brand name food products, issued its first figures since joining the Third Market showing that profits had increased from £136,623 to £148,762 at the pre-tax level in the six months to July 31 1987.

The directors said, however, that the figures did not reflect any benefit from the new money raised in July. The net proceeds of approximately £1m have been used to reduce borrowings and for working capital purposes generally. The benefits of this should be reflected in the results for the full year to January 31 1988.

The directors expect to recommend a final dividend of 1.409p net for payment next June in respect of the full year.

The pre-tax figure was after interest charges up from £58,130 to £64,359. Tax took £62,277 compared with £53,720, leaving attributable profit up from £82,903 to £86,485. Stated earnings per share improved from 2.74p to 2.85p.

Moorgate Group

The directors of the **Moorgate Group** said the company had continued to trade strongly although in the current market conditions the balance of business had altered.

They explained that there had been a marked reduction in the amount of advertising the company was handling but at the same time there had been a significant increase in the volume of consultancy work

American Business back in black

In the six months to end-September American Business Systems, formerly New Court Natural Resources, turned a pre-tax loss of £858,000 into a profit of £2.14m.

The directors point out, however, that a comparison with the equivalent six months in the previous year is not meaningful as this related entirely to the now largely discontinued oil operation.

The results include a contribution from the US group of $3.2m (£1.96m). Danka Industries recorded pre-tax profits of $2.8m on sales of $25m, against $3.3m on turnover of $30m for the whole of the previous year.

The Board has announced an interim dividend of 0.6p. A final of not less than 1p is expected.

Turnover for the period amounted to £16.22m. Tax took £124,000 leaving earnings per share of 5.4p.

CH Industrials expands in engineering

CH Industrials, an industrial holding company, is paying £605,000 cash to acquire Wm Deakin (Birmingham), a specialist metal pressings company. A further payment of £45,000 is *subject to a final stock adjustment.*

Mr Tim Hearley, chairman, said that CHI wanted to acquire companies which formed a logical extension of the company's manufacturing capacity which would be of benefit to its own specialist engineering companies and also provide scope for outside expansion. Deakin offered just that opportunity.

He said that Tudor Webasto, CHI's sunroof subsidiary and a customer of Deakin, had an increasing need for quality pressings. Deakin's products were mainly used in transport-related industries and other customers included Land Rover, Massey Ferguson, Renault Trucks and Leyland DAF.

Deakin's current annual turnover was running at a rate of £2m, with a solid order book. Total net assets being acquired amounted to £632,000 at August 31.

Modest boost for Leopold Joseph

The directors of **Leopold Joseph Holdings** said pre-tax profits for the half-year to September 30 1987 had benefited from the buoyant conditions in financial markets and were further helped, albeit modestly, by the income from the proceeds of the rights issue, completed in August.

All departments of the bank and the company's subsidiary in Guernsey had contributed to the improvement.

The full implications of the recent setback to stock markets throughout the world remain to be seen, said the directors. As a result of the company's continued cautious approach, the bank had not suffered unduly from the decline in markets and continued to expect a successful outcome to the year.

The board has declared an interim dividend on the share *capital as enlarged by the rights* issue, in respect of the year to March 31 1988 of 2.812p per share - the same as last year. The cost of this dividend is £147,834.

Hawthorn Leslie surges to £2.4m

THE USM-quoted **Hawthorn Leslie Group** produced a pre-tax profit of £2.37m from a turnover of £41.5m in the year ended August 31 1987.

Interests of the transformed group now cover electrical distribution, packaging and electronic goods and toys. This is the first full year of the reverse merger with Adamas Leisure, and also reflects the purchase of Electrical Trades Supply (included on an acquisition basis) and S.K. Fey (trading as Eagle Press) on a merger basis.

Comparisons given for 1985-86 were turnover £34.88m and profit £528,000.

Earnings came to 1.37p per share (0.04p loss) and there is a single dividend of 0.25p.

Mr *Remo Dipre, chairman,* said the group was poised to continue growth both organically and by acquisition. The former Adams *companies* were trading successfully and all parts of the group were on a firm foundation and contributing to the overall strong performance.

After tax, the dividend cost, and payments to vendors of merged companies of £1.1m (£200,000), the retained profit for the year was £672,000 (loss £336,000).

Brewmaker returns to profits in first half

Brewmaker, producer of home-brewing concentrates, has returned to profit for the half year ended July 31 1987 with £29,000 pre-tax.

Although well down on the £68,000 of the comparable period, it was a turnround from the loss of £65,000 incurred for the second half of that year. Sales in the first half were £2.57m (£3.28m).

The directors said sales would be *down over* the current year, but profits were above budget and they felt good progress was being made in a difficult market.

If progress continued they were hopeful of restoring a final dividend. Last year's payment was passed as is the current interim.

The market for home wine and beer products was still in decline, aggravated by another poor summer. There had been a substantial cut in overheads and an improvement in efficiency.

The directors remained aware of the need to broaden the trading base. At the same time they were considering a number of corporate options, they said.

Record profits at G & G Kynoch

Although turnover of **G & G Kynoch** was virtually unchanged at £4.4m, taxable profits of the woollen cloth manufacturer expanded by 34 per cent from £175,046 to a record £234,359 in the year to end-August.

Shareholders are to receive a 1.5p bigger dividend total of 4.5p via a final of 3.5p.

Mr Gordon Hay, chairman, said that despite large increases in wool prices worldwide which reflected in significant fabric price increases, markets had responded well to the group's new range of products.

After tax of £22,100 (£20,461), and an extraordinary charge of £8,353 (nil), basic earnings per share came out at 30.1p against 20.5p last time; on a fully diluted basis earnings worked through at 24.7p (18.1p).

Chamberlin's profits trebled

INCREASED volume and improved margins throughout the group, together with the benefits of the restructuring which took place last year, resulted in a trebling of pre-tax profits at **Chamberlin & Hill** for the half year to September 30 1987.

Turnover improved by 14 per cent to £6.13m (£5.38m) and taxable profits came out at £584,000 (£192,000). The directors said that trading in the second half had been at a reasonably satisfactory level. The group's interests are in foundries and electrical engineering.

The interim dividend is lifted *from 1.4p to 2p, to be paid from* earnings per share ahead at 10.73p (3.53p).

Trading profits for the period improved to £642,000 (£247,000) from which interest took £58,000 (£55,000).

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PRESS FOR ACTION

London Metal Exchange changes to be discussed

BY KENNETH GOODING, MINING CORRESPONDENT

CHANGES to the way London Metal Exchange operates, including the use of US dollar prices for a wider range of metals and a re-start of trading in tin, are to be discussed at a meeting on Thursday.

One trader, Mr Robert Goldsobel of Lazmet, suggested yesterday that a tin contract, suspended during the crisis which swept the market in October 1985, could be re-introduced as early as February or March next year.

He pointed out, however, that there remains considerable opposition within the LME membership to the re-introduction of the contract.

Some members are even suggesting that, far from bringing back tin, there should be moves to reduce the number of contracts - perhaps by removing those for lead, zinc and nickel - rather than extending the range.

Thursday's meeting will be open to all ring, clearing and associate broker members of the LME and will provide a chance to exchange ideas which could lead to further discussion at the next board meeting on December 9.

Mr Christopher Green, the LME chairman, pointed out yesterday that, if there is a consensus among members, a working party to consider trading tin again would be set up.

Traders have said that if the tin contract is re-started it might be quoted in dollars, he indicated.

There may also be pressure to quote zinc in dollars, especially if there is a groundswell in favour of having a Special High Grade contract instead of the current High Grade one, he suggested.

Opinion is likely to be mixed on quoting lead in dollars as there is European support for keeping a sterling-denominated lead price. Aluminium is already quoted only in dollars.

Mr Green said the other key issues to be discussed involved replacing the current system of prompt dates by monthly settlement and a switch to all-day trading on the LME floor instead of the current mix of pre-market, inter-office trading and floor ring and kerb trading.

But such changes were fundamental and would require considerable debate. No timetable had been set for decisions to be made, he added.

LME WAREHOUSE STOCKS
(Change during week ended last Friday) tonnes

Aluminium standard	-6725	to 40,250
Aluminium high grade	+10600	to 58,850
Copper	-650	to 57,925
Lead	+625	to 19,250
Nickel	+1272	to 3,624
Zinc	-450	to 31,450
Tin	-40	to 19,630
Silver (oz).	-60,000	to 19,828,000

Tin price 'may reach £6,500'

BY KENNETH GOODING

EXPECT the price of tin to shoot up in the coming year. It might even reach £6,500 a tonne compared with the recent European free market price of below £3,900, a conference was told yesterday.

Tin stocks had been absorbed at an extremely high rate this year and the market was on target to return to balance in the second half of 1988, said Mrs Elizabeth Mayo, editor of Tin International which organised the conference in London.

"Recent events in the copper, nickel and aluminium markets have shown that, once fabricators find it is difficult to buy their additional metal requirements on order, there is no limit to how far or how fast terminal prices can rise," she added.

Estimated total non-Socialist world tin stocks were about 113,500 tonnes at the end of 1985 including just over 90,000 tonnes held as refined metal, Mrs Mayo pointed out.

That equated to seven months demand for refined tin and 1¾ months supply of concentrate. "We believe a normal level for concentrate holdings would be nearer one month's mine production and that refined prices are unlikely to improve until metal stocks fall to just five or six weeks demand.

"This clearly has not happened yet. However, tin stocks have declined significantly in the two years. In 1986 we believe the market was in overall deficit to the tune of some 24,000 tonnes. This year, even conservative figures would imply an inventory drawdown of almost 35,000 tonnes."

Mrs Mayo said that "the most disappointing feature" of the tin market continued to be the sluggish performance of non-Socialist world consumption. "It is taking an unconscionably long time for the metal's new-found competitive strength to be translated into significant consumption gains."

One major user at the conference, Mr Robert Evans, market development manager of Metal Box's beverage division, warned that any rise in the tin price "will trigger a number of tin reduction programmes waiting on the shelf" in his company and that eventually it would be possible to eliminate the use of tinplate in beverage cans.

Cocoa reaches five year low

BY DAVID BLACKWELL

COCOA PRICES fell to the lowest levels for five years in London yesterday as the International Cocoa Organisation started its meeting to debate ways of restoring the operation of its price support mechanism.

The price fell by £24 to £1,100 a tonne. Dealers said the fall endorsed the market's lack of faith in a constructive outcome to the talks.

Producers and consumers have already failed twice in the past six months to agree on buying and selling prices for the organisation's buffer stock manager. Buffer stock activity has been suspended since the manager purchased 75,000 tonnes in May and June. This was the maximum permitted level before the organisation was bound under the rules to revise prices.

Consumers are seeking a substantial reduction in the floor and ceiling prices for the buffer stock - currently 1,600 SDRs (Special Drawing Rights) and 2,270 SDRs a tonne respectively. The ICCO 10-day moving average indicator price has fallen below 1,440 SDRs a tonne.

Among the producers only Brazil seems ready for a reduction in the buffer stock prices - a few weeks ago it said it would accept a cut of 115 SDRs a tonne. However, most producers, led by the Ivory Coast, want to see no reduction in prices, but a possible introduction of export quotas.

If a price cut were to be agreed, the buffer stock manager would be able to buy a further 75,000 tonnes before reaching his next limit. This would leave the buffer stock at 250,000 tonnes.

But analysts are doubtful that any purchase would be effective in supporting the market, given the low prices prevailing and the prospect of a fourth consecutive yearof supply outstripping demand.

Consumption is expected to rise by 3.7 per cent this year as sales of confectionery continue to rise, according to Gill & Duffus, the influential London trader. But the market has already shrugged off the fact that grinding figures for the third quarter were much better than expected, and a surplus of 77,000 tonnes of cocoa is forecast for the current year.

EC willing to soften oilseeds proposals

By Tim Dickson in Brussels

THE EUROPEAN Commission yesterday indicated a willingness to soften its tough proposals for cutting the spiralling costs of the European Community's oilseeds regime.

New production limits and harsh price cuts for the sector are contained in the package of so called "budget stabilisers" which so bitterly divided the EC's farm ministers at their meeting in Brussels last week and which will be a key item on the agenda of Friday's European summit in Copenhagen.

In a move described as "aiming to help in the search for an overall compromise", a commission spokesman yesterday spelt out a number of detailed changes which the Brussels executive could accept if member states modified their opposition to other aspects of the agricultural reforms.

They include raising the production limits - or so called guaranteed maximum quantities - for oilseed rape and sunflower seed from 3.4m tonnes to 4m tonnes and 1.7m tonnes to 1.9m respectively.

Price cuts triggered on any production above these limits as things stand would be calculated on a straight one percentage point cut in price for each percentage point of excess output up to 20 per cent, after which the price penalty would be half a point for every point of "excess" (up to a maximum of 70 per cent).

Now the Commission says it could live with a half point cut for each one point over production - a system which officials maintain would still hit substantial surplus production hard since there would be no ceiling on price reductions. Rapeseed production in 1988 is currently forecast at 6.3m tonnes, more than 50 per cent above the proposed threshold.

Inco Europe to raise nickel price

Inco Europe, a wholly-owned subsidiary of the Canadian mining group, has notified its stainless steel customers of a one-third increase in the dollar price of its Utility nickel for the first quarter of 1988.

The first-quarter price will be US$2.65 per lb of nickel contained, equivalent, at current exchange rates, to 4.74 Ecus per kilo.

Inco Europe introduced the pricing scheme in November last year as a way of reducing short-term volatility in the nickel price and the new price has been fixed following consultation with stainless steel customers.

The latest price, which is for Inco's European customers only, compares with US$1.75 (3.7 Ecus) in the first quarter of 1987.

Marketing beyond the farm gate

FARMER'S VIEWPOINT

By John Cherrington

MR WALTER GOLDSMITH, the head of Food From Britain, is to make urgent representations to the Government about the inadequate funding of his organisation compared with assistance given by certain other countries to their own food exports. FFB has an annual funding of £4m to £6m pounds while both France and West Germany provide £30m for overseas food marketing.

FFB funds not only have to assist exporting but also penetration of the home market. In this respect Mr Goldsmith has another complaint: the British spend less on food per head than any other European country except Ireland.

It could be said here that this should have come as no surprise to Mr Goldsmith. One would have thought he would have done his homework before taking the job. But it does raise some fundamental questions about British farm business as an export earner, and as to what influence British farmers have had individually or collectively in their marketing beyond the farm gate.

Until the repeal of the Corn Laws in the 1840s Britain had been an exporter of cereals and particlarly wool. After the repeal Britain became the largest importer of food in the world, allowing in every food commodity without much consideration of what harm it did to existing British farming interests. It is significant that when grain exporting began a few years ago whole new export facilities had to be built as all the silos were designed for intake from the sea and even many of the mills and compounding facilities had to be resited to take home grown grain.

It was the same with most other foods and vegetables and although in the immediate post war period there were some desultory attempts at agricultural protection, it was only on joining the EC that self-sufficiency, surpluses and exports became the inevitable consequences of open ended price guarantees. Few European countries except Denmark joined this food free trade system and most protected their farmers jealously from outside competition and always had the habit of assisting their farmers in their penetration of their neighbouring markets.

The French in particular regard their farming as "green oil." The Germans and the Dutch are especially keen to invade our market. We have no such tradition at all. Our major food exporting success comes with livestock. An increasing quantity of British lamb, beef and pig meat is being sent to the Continent and this looks like growing.

But this is largely a high volume, low cost trade run by dealers taking advantage of short term features of continental markets. This trade was founded without the benefit of FFB and those operating it do not really see that FFB or even the meat promotion executive, one of its offshoots, had much to do with them.

FFB is supposed to assist the identification of British products. This is easy enough when it is helping the sale of whisky or biscuits for instance. But farmers have no link with them. They supply the barley or the wheat to the manufacturer and there their interest necessarily lapses. Their grain is analysed on purchase but they have no idea to what end it will be put and are not encouraged to know.

When they are selling their lamb on the home market they are subject to quite strict grading on which their price supports are based but they have no means of knowing if this grading bears any real relationship with how their lamb is finally sold to the public.

I am prejudiced in this but I do not believe the supermarket butchers have the least idea of making the best of the meat they sell. They buy quite the best of the crop and then they treat it as a mass production exercise with set times for conditioning and cold storing before selling. A traditional butcher, though, treats every carcase individually so that it is sold at just the right time.

Farmers in this case have a definite interest in pleasing butcher customers and should get to know just what they want and not just what will get them the biggest gross sum. I used to supply a large scale private butcher with lambs. Until the day he sold out to one of the chains each lamb was chosen individually and not sent until I was sure it would match his demands. Once he had sold his shops his manager told me that it would break my heart to see what he had to deal with now.

It does seem to me that the supermarket trend makes it impossible to relate quality of food to the farmer whether it is meat, cheese or other groceries. Farmers have been nagged for years to produce good bacon pigs and on balance they have done just that. But farmers have no say in the subsequent curing. I am very fond of bacon and ham but of late years find that little of the bacon is to my taste. Is it that the mass curing systems do not do the same job as the dry-salting process used to. I have a dreadful admission to make: as a consumer I find Dutch bacon preferable to either English or Danish.

I am also very fond of pate. There is plenty on the market, together with German sausage and other delights. But the raw materials for these are largely exported from here in the form of manufacturing meat and then reimported. Why cannot our manufacturers save the meat its overseas journey and convert it here? Surely the processes are well known. The enquiries I have made have indicated that the turnover in these items is not important enough to make manufacture worth while in this country.

The overall problem is that for more than a century we had been a residual market for food from all over the world, that any exports we managed to achieve were really isolated specialities. Cheeses and kippers were two of the most popular exports in pre-war days, appealing to the special tastes of the expatriate Britons. Supermarket trading insists on what the buyers are supposed to prefer and farmers have no say at all in the presentation of their products once they have left the farm gate.

If Food From Britain is to become a worthwhile asset to the farming economy its energies should be directed to the far side of the farm gate.

Cereals exports body formed

BY BRIDGET BLOOM

A BODY AIMED at boosting Britain's cereal exports has been formed in London as part of the *Home Grown Cereals Authority*.

With a budget of £500,000 raised from cereal growers and traders, British Cereals Exports intends to ensure that Britain continues to remain among the world's top cereal exporters, according to Mr Rowan Cherrington, its chairman.

British wheat and barley exports in 1986-7 were 10m tonnes out of production of 23.9m tonnes. Britain has gone from being a net importer of some 8m tonnes 10 years ago to the world's sixth largest exporter.

Mr John MacGregor, the minister of agriculture who was present at the launch yesterday, defended the formation of the body at a time when the EC was trying to reduce cereal production because of the high cost of EC support.

Even if the European Commission's proposals for curbing cereal production were successful, it was essential that as much production as possible reached "real markets" rather than being sold in the Community's intervention stores as surplus, Mr MacGregor said.

Baltic Futures Exchange starts today

BY DAVID BLACKWELL

THE BALTIC Futures Exchange - formed by the merger of four of the futures exchanges operating from London's Baltic Exchange - starts trading this morning.

At the close of business last night the London Potato Futures Association, the Soyabean Meal Futures Association, the London Meat Futures Association and the Baltic International Freight Futures Exchange transferred all their funds, responsibilities and liabilities to the new exchange. The Grain Futures Market is expected to join it shortly.

The primary purpose of the exchange is to avoid duplicating the regulatory and administrative costs involved in becoming a Recognised Investment Exchange, as required by the new financial services legislation. The BFE will apply in the next few days to the Securities and Investment Board to become a recognised exchange. It anticipates recognition early in the New Year.

The BFE will act as an umbrella organisation for the four markets, which will operate as separate cost centre divisions.

Representatives of all the exchanges started discussing the possibility of an RIE structure at the beginning of this year and have been represented on the BFE formatiomn committee

Mr Pat Elmer, chairman of the new exchange, said the creation of the exchange was "a momentous decision for the markets."

"I believe our combined resources can both enhance the markets and benefit everybody associated with our efforts at the Baltic Exchange," he said.

Gold at highest level since February 1983

By Kenneth Gooding, Mining Correspondent

THE PRICE of gold in London yesterday rose to its highest level since February 1983 and in active two-way trading closed at $492.625 a troy ounce, up $14.125 on Friday's close.

This followed the further slump in the value of the US dollar against other currencies in morning trading in Europe.

Since the October 19 collapse in stock markets, gold has failed to respond to the subsequent steep fall in the dollar's value.

However, the factors which have held the gold price in check - in particular selling forward by gold producers - apparently now are having less effect.

Mr Keith Smith, managing director of bullion dealers Mocatta and Goldsmid, said last night, "This (fall in the dollar and equities) should have spilled over into gold before and should continue.

"The market should certainly move through $500 in the very short term."

WORLD COMMODITIES PRICES

LONDON MARKETS

COPPER and aluminium prices closed slightly down on the London Metal Exchange yesterday, with aluminium reacting to a sharp sell-off in copper during the afternoon. However copper prices had reached new peaks during morning trading, with the strong trend only briefly halted by news that LME warehouse stocks were down by only 500 tonnes. This followed market rumour last week that stocks were set to fall by as much as 5,000 tonnes. Even so, at 60,375 tonnes total stocks are the lowest for 13 years. Nickel prices were firmer, reaching a 6½-year high of $2.99 a lb around mid-day on Japanese buying. But the fall of the dollar against sterling, coupled with profit-taking, held prices in check in afternoon trading.

SPOT MARKETS

Crude oil (per barrel FOB January)		+ or -
Dubai	$16.60-6.65	-0.025
Brent Blend	$17.65-7.75y	-0.10
W.T.I.(1 pm est)	$18.50-8.55	
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$181-183	
Gas Oil	$162-163	+0.50
Heavy Fuel Oil	$82-83	-1.00
Naphtha	$152-154	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$492.625	+14.12
Silver (per troy oz)♣	713.50c	+10.50
Platinum (per troy oz)	$523.50	+9.25
Palladium (per troy oz)	$126.75	+0.50
Aluminium (free market)	$1670	-30
Copper (US Producer)	123¾-127¾c	+5.50
Lead (US Producer)	42c	
Nickel (free market)	310c	+14
Tin (European free market)	£3830	-40
Tin (Kuala Lumpur market)	17.09r	+0.08
Tin (New York)	322c	+1
Zinc (Euro. Prod. Price)	$880	
Zinc (US Prime Western)	44.375c	
Cattle (live weight)†	103.39p	+2.11*
Sheep (dead weight)†	197.24p	+7.14*
Pigs (live weight)†	72.45p	-0.98*
London daily sugar (raw)	$204.60w	+2.80
London daily sugar (white)	$210.50w	+1.90
Tate and Lyle export price	£217.50	
Barley (English feed)	£113.00z	
Maize (US No. 3 yellow)	£134.00y	
Wheat (US Dark Northern)	£89.00y	-2.75
Rubber (spot)♥	61.50p	-0.50
Rubber (Jan) ♥	62.75p	-0.50
Rubber (Feb) ♥	63.00p	-0.50
Rubber (KL RSS No 1)	284.50m	+1.00
Coconut oil (Philippines)§	$495x	
Palm Oil (Malaysian)§	$395	+10
Copra (Philippines)§	$325y	+5
Soyabeans (US)	$145y	
Cotton "A" index	77.80c	+0.90
Woollops (64s Super)	482p	-3

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Dec/Jan. v-Jan/Feb. x-Nov/Dec.y-Dec.z-Jan † Meat Commission average fatstock prices. * change from a week ago. ♥ London physical market. § CIF Rotterdam. ♣ Bullion market close. m-Malaysian/Singapore cents/kg

COCOA £/tonne

	Close	Previous	High/Low
Dec	1063	1088	1081 1062
Mar	1100	1122	1116 1098
May	1119	1144	1135 1118
Jly	1137	1162	1156 1137
Sep	1157	1180	1175 1160
Dec	1181	1207	1195 1179
Mar	1205	1230	1219 1205

Turnover: 5228 (2737) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for November 25: 1452.27 (1471.56) .10 day average for November 26: 1437.60 (1456.82) .

COFFEE £/tonne

	Close	Previous	High/Low
Jan	1234	1258	1246 1231
Mar	1256	1278	1268 1252
May	1274	1297	1287 1273
Jly	1290	1312	1303 1291
Sep	1310	1330	1320 1319
Nov	1330	1350	0 0

Turnover: 2672 (3038) lots of 5 tonnes
ICO indicator prices (US cents per pound) for November 25: Comp. daily 116.35 (116.47); 15 day average 115.94 (115.74).

SUGAR $ per tonne

Raw	Close	Previous	High/Low
Mar	181.20	182.00	184.00 179.00
May	181.20	181.80	183.40 181.60
Aug	181.40	182.00	183.60 180.40
Oct	182.00	183.00	184.60 181.20
Dec	84.40	184.00	0 0
Mar	189.40	189.00	0 0
White	**Close**	**Previous**	**High/Low**
Mar	212.50	212.50	215.00 212.00
May	217.20	216.50	217.90 216.70
Aug	222.10	222.50	224.50 221.70
Oct	221.70	222.00	224.50 224.50
Dec	224.00	220.00	0 0
Mar	231.00	223.00	230.00 230.00
May	238.00	225.00	0 0

Turnover: Raw 4953 (1588) lots of 50 tonnes; White 1374 (810) .
Paris- White (FFr per tonne): Mar 1190, May 1212, Aug 1255, Oct 1280, Dec 1288, Mar 1310.

GAS OIL $/tonne

	Close	Previous	High/Low
Dec	161.50	163.00	164.00 161.25
Jan	161.25	162.25	163.50 160.75
Feb	158.50	160.00	161.00 158.25
Mar	154.00	155.00	157.25 153.75
Apr	153.00	151.75	156.50 152.50
May	152.00	152.00	152.00 151.75
Jun	151.25	151.50	153.00 151.00

Turnover: 3087 (1544) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Jan	115.30	115.80	115.75 115.30
Mar	117.35	117.75	117.75 117.35
May	119.70	120.15	120.10 119.65
Jly	122.50	122.95	123.00 122.50
Sep	102.80	103.00	102.80 102.80
Nov	104.75	104.65	104.75 104.75
Barley	**Close**	**Previous**	**High/Low**
Jan	107.50	107.80	107.80 107.50
Mar	109.40	109.55	109.55 109.40
May	110.85	110.85	110.85 110.85
Sep	97.90	97.90	97.90 97.90
Nov	99.90	99.90	99.90 99.90

Turnover: Wheat 220 (246) , Barley 109 (6) lots of 100 tonnes.

INDICES

REUTERS (Base: September 18 1931 = 100)				
	Nov 27	Nov 26	mnth ago	yr ago
	1709.6	1709.2	1669.4	1611.9
DOW JONES (Base: September 18 1931 = 100)				
Spot	133.08	132.30	128.54	119.58
Futures	136.88	135.57	130.57	119.41

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.5%)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
1625	100½	108½	47	97½
1650	86½	97	57½	110½
1675	73½	86½	69½	124½
Copper (Grade A)	**Calls**		**Puts**	
Strike price $ tonne	Jan	Mar	Jan	Mar
2350	272	301	87	273
2450	213	260	127	330
2550	164	223	177	391
Copper (Grade A)	**Calls**		**Puts**	
Strike price £ tonne	Jan	Mar	Jan	Mar
1350	60		25½	
1375	46		36	
1400	34		49	

POTATOES £/tonne

	Close	Previous	High/Low
Feb	104.0	97.0	
Mar	88.5	88.5	89.0
Apr	143.5	148.1	147.0 142.8
May	157.0	161.0	158.0 157.0
Nov	87.5	90.0	
Feb	83.0	88.0	

Turnover: 1003 (384) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Feb	147.00	145.60	
Apr	140.00	140.50	140.00
Jun	132.00	131.00	130.00
Aug	128.00	128.50	
Oct	128.00	127.50	
Dec	129.00	128.50	

Turnover: 44 (165) lots of 100 tonnes.

FREIGHT FUTURES £/index point

	Close	Previous	High/Low
Jan	1259.0	1250.5	1264.0 1255.0
Apr	1269.0	1264.0	1295.0 1269.0
Jly	1152.5	1145.0	1155.0 1152.5
Oct	1257.0	1239.0	1257.0 1125.7
BFI	1175.5	1171.5	

Turnover: 213 (232)

TEA
There were 26,262 packages on offer at the London tea auction, including 2,000 packages in the offshore section, reports the Tea Brokers' Association. Selected brighter Assams and colouory dusts held firm but the remainder lost 4-8p and there were many withdrawals near the close. Bangladesh teas met fair competition in the 89-92p bracket. East Africans were quite well supported with brighter lines dearer, others little changed. Colourty Central Africans ruled firm but plainer sorts often lost 2-3p. Ceylons met strong competition at fully firm and often dearer rates. Brighter offshore teas were dearer while others were steady. Quotations: quality unq (unq); medium 108p a kg. (108p); low medium 82p (83p).

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FUTURE TIMES

WORLD OF LOTUS NEWS

LOTUS ANNOUNCES NEW AGENDA
Lotus has announced Agenda, software designed to help users manage textual data more intelligently. The program is the result of more than two years' work defining and establishing a new application area: personal information management.
The key feature of Lotus Agenda is flexibility. Instead of imposing a pre-determined structure that places constraints on the information, like a traditional database, Lotus Agenda allows the user to structure it only as and when necessary.
Agenda was designed to handle the free form, evolving, personal information that most *people* encounter in the course of their daily activities - information that requires a more flexible approach to database management. Lotus Agenda is the result of a long-standing collaboration among three leading *developers* - Ed Belove; Jerry Kaplan, principal technologist at Lotus from March 1985 until August 1987; and Mitch Kapor, the company's founder - and was developed extensively in-house at Lotus.

RECORD EARNINGS
Lotus' results for the third quarter, ended October 3, revealed record performance. Revenues were up 54% at $101.2 million compared with the equivalent quarter last year. Net income was up *101%* on the same basis, at $19.1 million.

LOTUS DONATION TO MEDICAL RESEARCH
Four research institutions have received free copies of Lotus Development's Measure software package following the announcement of the donation programme by Lotus earlier in the year. They are The Robens Institute at the University of Surrey, The National Heart Hospital, King's *College School of Medicine* and Dentistry and the Joint Academic Department of Child Health. All four will receive software, and full technical support free of charge.
Lotus Measure is the company's first specialist personal computer software package for the science/research marketplace. It transfers data from measurement instruments and devices into a Lotus 1-2-3 worksheet for analysis, graphic display and storage. 1-2-3 is the world's most widely-used PC spread-sheet and is already commonly used in laboratory application. With 1-2-3 and Measure, it is possible to automate the entire process of data collection sample analysis, graphing of results and storage of findings.
The *four institutions* will be using Measure to help progress *their various research programmes.*

LOTUS ADDS SPEEDUP...
Lotus have announced the availability of Lotus Speed-Up and Lotus Learn, two add-ins for 1-2-3. These two products and the documentation will be offered at a nominal cost to current customers of 1-2-3, and will be included *into all future 1-2-3 packages.*
Speed-Up allows users to select a faster recalculation mode that makes 1-2-3 an even more efficient and powerful calculation tool. With the Speed-Up add-in attached, 1-2-3 will recalculate *only cells whose values have* changed since the last recalculation.

...AND LEARN TO 1-2-3
Learn provides an automatic keystroke recorder that makes it easier to write 1-2-3 macros, a series of keystrokes or instructions that can be saved and then executed automatically. Learn also works with 1-2-3 Release 2.0. Both products can be obtained from Lotus for £25.00. They are both available as public domain software.

NEW MANUSCRIPT ANNOUNCED
Lotus today announced a new release of Manuscript - 1.1 will be available in mid-December. It now supports the IBM PS/2, *more printers and downloadable* fonts

BETTER BRITISH MAPS
A new release of Freelance Plus from Lotus features maps drawn by cartographers Geo Phillip & Son. It has drivers for the IBM PS/2 and more *printers.*

SHOW SELLS OUT
Lotus in 1988 - a show previewing Lotus' latest products at the Victoria Palace Theatre on December 10th has sold all 1600 seats. A spokesman said "we are sorry to disappoint hundreds of people, those who have got tickets will find it entertaining and interesting."

CONTENTS

Business Computing takes a new direction

MORI SURVEY INDICATES CAUTIOUS APPROACH BY MAJOR COMPANIES.

Mike Spring.

IBM's announcement of its new range of personal computers, the Personal System/2, and the company's intention to provide a totally new operating system (OS/2) with a graphical user interface, was the most dramatic event in the personal computer industry since the company's original entry to the market. Has IBM, as it claimed in its *advertising*, 'created the future' or just added to the confusion in a complex market? Lotus commissioned market research consultants, MORI to help provide an accurate picture.

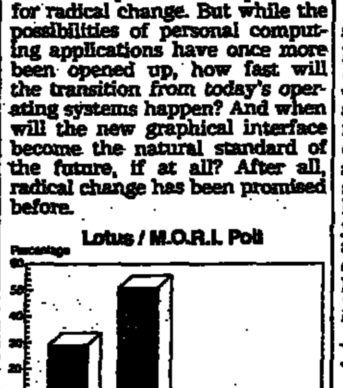
Successfully managing the thousands of personal computers used by any of Britain's largest companies, must at the best of times, require no ordinary skill. This year, it probably would be useful to have a little clairvoyance in addition to considerable technical ability.

The reason for this is that the industry is *awaiting* one of the most fundamental changes in basic technology since software like Lotus 1-2-3 legitimised the business use of the personal computer in the early 1980's.

The change is made more compli*cated because it is happening on* two fronts at once. First of all developments in hardware are making possible a new operating system which is faster, more efficient in terms of resources and allows the fundamental power of *the personal computer to be dramatically increased.*

The second factor is that this new operating-system will make possible a new way of working with computers. With the addition of a second software component, the user of such a system will be presented with graphical analogies of devices and actions *on the computer screen.* The point of this is to make it easier both to get to grips with using a personal computer at the outset, and to allow experienced users to take advantage of advanced applications, while both can deal *with 'housekeeping' functions* more easily.

This clearly offers the potential for radical change. But while the possibilities of personal computing applications have once more been opened up, how fast will the transition *from today's operating* systems happen? And when will the new graphical interface become the natural standard of the future, if at all? After all, radical change has been promised before.



Confidence in existing application *software supplier's ability to meet* future needs on IBM's new Operating System (OS/2).

Over the decade, those with the most to gain or lose, the individuals and companies actually *charged with purchasing from* the range of equipment on offer, have taken the common sense view and assessed the issue at hand with their own individual circumstances in mind.

Time of Transition. This transi*tion is different though. The* graphical user interface, specifically designed to make using, and learning to use a personal computer easier and more intuitive, (of the kind pioneered by Apple and Xerox), could well be fundamentally important in extending the usage of personal computers. Set against this potential leap forward in terms of *technological* possibility, is the investment in terms of time and training that major *firms* have put into the current industry-standard operating systems, and of course the software, like that from Lotus, which runs under that operating system. Perhaps it is this, rather than the attraction of the new and different, which will determine the pace of change.

Lotus, of course, has been involved with other leading software companies in helping to direct the final form of the new operating system - OS/2. The company has also determined how it will direct its own product *development,* not only to take advantage of both the new hardware and the new operating system, but also to ensure that users who choose to stay with the techniques they are familiar with are not isolated by the new technology.

Evolution or Revolution? Since these announcements, their impact and the cascade of reactions have had time to be assessed. So, how does the future look now? Is this the time when new companies, starting up with new ideas and radical new products will emerge as market leaders, as Lotus itself did?

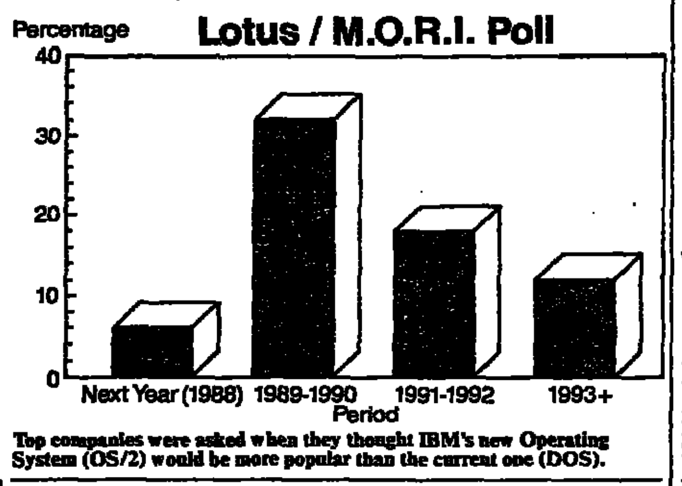
Rather than indulge in more speculation, Lotus asked leading *market researchers MORI to help* provide a clearer picture. MORI interviewed over 100 corporate data-processing managers and senior executives responsible for purchasing hardware and software about how they viewed the *future. What follows are the findings* of that research.

Continuity. The first important theme to emerge was that of continuity.

60 per cent of the sample rated it either "essential' or "very important" that OS/2 applications should have an equivalent DOS application and be compatible with it. 50 per cent thought that

In the light of the MORI Survey, it seems that Lotus's position ....is exactly what the market is asking for

OS/2 applications software should be designed to operate under both graphical and ***continued on page 23 column 3***



Top companies were asked when they thought IBM's new Operating System (OS/2) would be more popular than the current one (DOS).

Lotus Adopts Bold Strategy in Response to Customer Needs

When significant changes happen in personal computer hardware, equally significant advances in software become possible. The *problem is that not everyone* wants revolution - at least not immediately. Having invested significant amounts in training, in systems development and not least in their own time, they will not make the transition over*night. Lotus has now defined its* strategy to address the new personal computer hardware announced by IBM, and its new operating system, including the company's plans to enter the Database Management Systems market, expand its spreadsheet product line to the new hardware and operating environments, and offer an applications development facility that will allow the customisation and integration of multiple Lotus applications.

New products to be developed by the company include a new line of powerful, multi-user database *products codenamed Lotus/*DBMS and new versions of Lotus' market-leading spreadsheet products including a new graphical-interface spreadsheet codenamed 1-2-3/G, and 1-2-3 Release 3, a new version of the company's *character-interface spreadsheet.*

"Our customers expect leadership from Lotus in defining how emerging technologies translate into solutions for their business *problems," Jim Manzi, Lotus* President said.

"Our challenge, as the leader in applications software, is to support mixed-technology environments over the next few years, in which new and old technologies *coexist. In this way, our customers* can build on the investment they've made, and will not be faced with the prospect of throwing it all away."

"Two styles of personal computing are emerging," Manzi observed. "One prefers the familiar and universal character-based interface - the other prefers the pictorial representations and new capabilities of bit-mapped graphical user interfaces."

Our commitment is to preserve the greatest possible compatibility, consistency, and connectivity *between our graphical-based and* our character-based products."

LOTUS/DBMS Lotus/DBMS is the codename for a line of multi-user database products under development, optimised for use **continued on page 23 column 4**

IBM and Lotus: just good friends or something more serious?

*It probably wouldn't be overstat*ing the case to say that Lotus 1-2-3 actually defined the use of the personal computer in a corporate environment. But whether or not you hold that view, the irresistible evidence is that there *are over 5 million* people using 1-2-3 as part of their everyday work. Lotus is still confident that 1-2-3 has an expanding future and not just as a personal computer software package.

In April this year, Lotus was not only *announcing its strategy to* assist users planning for IBM's new family of personal computers. The company also announced a joint development and marketing agreement with IBM itself which ever the coming years *will result in a series of* applications products. The first of these, a mainframe version of 1-2-3, will be available early in 1988.

"1-2-3M will be nearly identical to personal computing versions of 1-2-3, both in terms of capabilities and menu structure," said Michelle Fitzpatrick - Manager of the mainframe Products Group at Lotus. "The key difference will be its ability to take advantage of *the speed and capacity of main*frame computers, in calculating and recalculating large spreadsheets more quickly. It will also allow individual 1-2-3 spreadsheets, created on personal computers, to be consolidated into a *master spreadsheet which main*frame users can view and modify."

1-2-3M will provide corporate customers with mainframe-scale resources in developing and running spreadsheet applications *using 3270*-compatible *terminals* and personal computing products.

Since menu structures and capabilities will be identical to versions for personal computers, anyone who has used a 1-2-3 spreadsheet will be able to use the mainframe version. However, infrequent users of spreadsheets, or those who need to inspect rather than manipulate the figures can access 1-2-3 files and *functions through 3270 equip*ment, rather than more expensive personal computers.

1-2-3M is the first in a series of products to be developed and marketed by Lotus and IBM under the agreement between the *two companies. Further details* have not yet been revealed although the two companies have announced that they will explore personal computing database applications which are compatible with IBM's structured query *language (SQL).*

1-2-3M will be jointly marketed by both Lotus and IBM but will be distributed exclusively by IBM.

Why the Swiss Army Knife still makes sense

GEOFF WHEELWRIGHT

The market for personal computer software is less than ten *years old, yet the products within* it have matured and improved dramatically in that short period. Nowhere is this more true than in the sector dedicated to 'integrated software' - which comprises a type of computer *application that allows you to* carry out more than one type of work without the need for a second application (such as building financial models with a spreadsheet, sorting through huge lists of 'database' information and generating the kinds of 'business' graphics - i.e. bar charts, pie charts and line graphs - com*monly used in business reports).*

The success of 1-2-3 - which included a spreadsheet, some database facilities and the ability to generate business graphics using figures from the spreadsheet - prompted many companies (including Lotus) to ponder the idea of adding even more 'applications' into an integrated package and selling that as the only package many users are ever likely to need.

Producing good integrated software, however, involved a lot more than merely tagging a bunch of *existing applications* together. The market generally agreed that a good integrated application should include: **Common Commands** - one of the compelling reasons for developing integrated applications was in order to make life easier for users that were in the habit of switching between different applications and constantly found themselves getting confused about which commands *needed to be used where.*

Good integrated software should allow you to use the same keys for saving, loading and other common operations - *no matter* what application you are using at the time. This feature is known *as providing "commonality of* commands".

Simple Information Mixing - in computer terms, this feature is more often called "comprehensive data integration' but simply means that the integrated application *should allow* you to mix and match information from different applications in a single *document. Thus an annual* report, for example, might contain graphics from the business graphics portion of the software, spreadsheet forecasting from the spreadsheet and word processed text explaining it all.

Enough power to provide value for money - if there is enough power in your "integrated' package. You can avoid the need to buy individual applications for word processing database operations, etc thus for those with modest applications needs, a well-rounded integrated *application may be the only* application they ever need to buy.

It was with *just* these such features in mind that Lotus approached the development of its own second-generation integrated application: Symphony.

After two years, Lotus has decided to include even more in the basic Symphony package with the addition of a range of new facilities in Symphony II - *an updated version of the software.*

First of all the word processing facilities have been improved with a built-in 'spelling checker' (which allows you to check the spelling of a document created *on the computer*) and an 'outliner' (which allows easily construction of multi-layered outlines before you begin writing) included in the basic price of Symphony II. It also includes automatic text formatting and *justification and other* performance improvements, including highlighted text attributes (bold-type, *underlined characters etc*) and 'speed keys' which can be used when typing to replace menu comments.

Symphony II also includes 'optimal recalculation'. In simple terms, this speeds up the rate at which financial models can be updated by causing Symphony to only update those computer 'cells' that have changed since the last time the information in the financial model was 'recalculated'.

In addition, Lotus now provides the ability to understand com*puter files written using software* from IBM that conforms to its DCA (Document Content Architecture) standards.

Lotus has also been thinking about IBM's Personal System/2 range of computers and thus included 'drivers' for the PS/2 machines in Symphony II that allows it to take advantage of their special display attributes.

Improvements have also been made to the 'database' section of *Symphony which allows more* information to be entered into it and allows that information to be entered more easily in a 'card-box' format no more complex than a standard cardbox filing system.

The *growing* sales of Digital Equipment Company's minicomputer systems have also been recognised in the latest version of the product with an addition to the communications portion of Symphony, with a DEC VT100 'terminal emulation'.

Meanwhile, Symphony II makes better use of the latest 'state-of-*the-art' expanded* computer memory specification. Thus between 5000 and 10,000 extra 'cells' can be added to the maximum size of a Symphony spreadsheet.

Lotus has also come to grips with the issue of copy-protection, with a system it calls copy-discouragement. It is not a mechanism to stop people make *legitimate* back-up copies of their software, but rather one to discourage *them from passing those copies* around to other people.

Besides all the extra features and *the removal of copy protection,* Symphony II is also important to Lotus because it is the first major product that Lotus has developed in the UK to sell in this country. In addition, of course, it will bring this British contribution to software technology to the rest of the world as Symphony II goes on sale in the United States, Europe and elsewhere.

Are directors too important to use a computer?

JOHN NICHOLAS, Deputy Director General, I.O.D.

More than half the directors in UK offices today do not use any form of personal computer. *Rather they rely on others within* their organisation to provide them with information.

*Rarely can one walk into a com*pany without seeing computer equipment somewhere in the building. More often than not it will be in evidence on a secretary's desk or in a carpeted room surrounded by potted plants. A computer, though, *hardly ever* sits on the managing director's desk.

This was one of the many findings resulting from a survey conducted by Lotus, earlier this year and it prompted the company to *link up with the Institute of* Directors with the objective not only of educating top management in the greater potential use of personal computers, but also to extend its knowledge of computer applications generally. Thus, *the Lotus/IOD Business* Challenge '87 was born.

Just over half of those 100 top companies interviewed in the survey at data processing manager, as well as director level, indicated that directors are not *encouraged to use personal* computers at all, and nearly one-third of these indicated that no one actually took the initiative to suggest that directors should use them.

Directors offered training courses commented that these were often either too sales orientated or only provided passive support facili*ties once they had decided to* use personal computers.

Half of those interviewed felt that lack of acceptance was by directors who still saw keyboard usage as the province of the secretary or clerk, while 54 per cent *said that directors did not always* trust information, especially when they did not know how and by whom it was compiled.

These comments echoed those of the directors themselves, some of whom felt that younger management - tomorrow's directors - would have less problem getting to grips with computerisation growing up as they have in a world where computers are the norm.

One indicator of future progress from all *these* results was that when a director responsible for information technology had been *appointed, there was greater* acceptance of computers and their level of importance within the company.

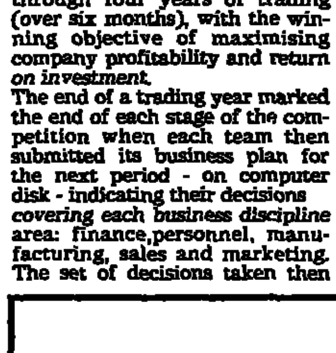
Most commonly, directors believe that personal computers are only useful for central, corporate *applications. Certainly these are* important, but many other uses are applicable to business and many relate specifically to the requirements of senior businessmen. Software based on a combination of spreadsheet figures, *script and database information* could have more practical day-to-day relevance. The ability to communicate to other personal computers or mainframe hardware would be useful.

Until acceptance and usage is common "at the top", the full potential of computer technology *is unlikely to be felt. Every direc*tor need not be an expert, but some familiarity with what is *now a basic business skill* is needed.

Each director's demand for information is likely to be different because of personality of the business, industry type, style, organisational responsibilities, security levels within the company, special interest or priorities. But an abundance of personal computer resources can provide rapid access to locally stored information without having either to occupy the time of a *subordinate, nor* wait for the information to be loaded/unloaded from the mainframe, or be subject to availability and communication delays.

The application of technology in business is essentially a manage*ment issue like any other.* A knowledge of the principles and parameters is required - with detail left to specialists. But directors are paid to have a sound grasp of business methods and using computer technology *for competitive advantage has* never been more important.

The Business Challenge '87 was launched by Lotus and Institute of Directors to accelerate that trend, particularly in a frame



work of team-building within UK companies. It aimed to promote a broader awareness of business planning "on-screen", as well as introducing up-to-date concepts in computer-based analysis.

The "challenge" has taken the form of a competition for businessmen and women represent*ing their company as a team.* Each team had the responsibility of managing a model company through four years of trading (over six months), with the winning objective of maximising company profitability and return *on investment.*

The end of a trading year marked the end of each stage of the competition when each team then submitted its business plan for the next period - on computer disk - indicating their decisions *covering each business discipline* area: finance, personnel, manufacturing, sales and marketing. The set of decisions taken then

John Nicholas, Deputy Director-General of the Institute of Directors: "Management must become more aware of what technology can offer - not just in the accounts department or on the shop floor, but also in the boardroom."

dictated the next trading position and the next step towards profitable growth.

Proving the need for such an initiative, over 900 teams entered the competition, which included over 4,500 staff at all levels from chairman to clerk. Many of those taking part have sought further *advice on how "the challenge"* could be adapted for further use for their own in-company training programmes.

The Business Challenge successfully overcome two major objectives often placed in the way of *formal training by senior and* middle managers - lack of time and a dislike of a classroom environment. Time was less of an issue, because there were no formal sessions. Teams put as much time into their deliberations as they wished. Equally, because of the informal nature of the Challenge, no potentially intimidating classroom sessions were involved.

A further survey taken among some 2000 of the people taking part has revealed that their participation has opened doors and provided access to senior people in departments not previously *visited. Another distinct benefit* gained was that the competition produced an ability to meet and discuss business alternatives with senior management, enabling people from different departments to work together as a team.

The enormous response to the Business Challenge has shown *that such an initiative was both* welcome and valuable. Only through such continued usage and applications will more directors come to realise and benefit from the potential which personal computers have to offer as *an indispensable management* tool within their companies.

ADVERTISEMENT

FINANCE

One investment in the City that is still paying off!

CHARLES NEWMAN

Personal computers are now almost as familiar as telephones in City offices, and more than any other factor it has been Lotus 1-2-3 which has accounted for the explosion. For fund managers, analysts, economists and corporate finance managers, Lotus 1-2-3 is an essential part of their business lives.

If Lotus' plans for developing 1-2-3 come off, then the product is likely to become even more important to them.

City firms were once heavy users of mainframe computers,computer bureaux, minicomputers and on-line electronic prices services. Now all that is changing thanks to Lotus' concept of linking sophisticated database techniques with powerful modelling capabilities.

"Lotus 1-2-3 will increasingly be seen as simply the centre of a whole integrated set of services and products which answer all the information gathering, processing and output needs of two key groups in the financial community -investment and fund managers and corporate finance managers,"say Martin Conibear of Lotus.

For some time the big challenge for Lotus has been the input problem - loading 1-2-3 spreadsheets with raw statistical data in the, first place. The job can be time-consuming and,for highly-paid analysts who should be doing something more productive with their time, very expensive too. Typically users would need to get out of their 1-2-3 program before accessing and "down-loading" mainframe-stored data, and then get back into 1-2-3. "Our research shows too great a proportion of financial managers' time is spent getting data into 1-2-3", says Conibear.

For Lotus, the solution has been to take relevant financial information and deliver it in such a way as to allow Lotus 1-2-3 users to simply load up their spreadsheets at the touch of a button.

The challenges for Lotus involved identifying and delivering vast amounts of information in a form which would suit their users, providing them with tools with which to search through the mass of data for the one or two specific items needed,providing software which would ensure that data could be copied from the database direct into Lotus 1-2-3 spreadsheets, and providing a range of ready-made applications which would appeal to users in the banking,investment and financial services sector.

In corporate treasury departments, for example, planning,forecasting, budgeting, consolidation of accounts,reconcilation are key administrative functions which require historical information as well as experience. In stockbroking, analysis and investment, there are similar requirement for sophisticated modelling based on many variables.

Lotus One Source is a collection of statistical data - more than 300 million items - including Compustat covering historical financials on 6,500 US public companies, line-off business analysis of around 6,000 US companies, statistics on 200 industry groups, daily stock price history on 25,000 US issues, a comprehensive earnings estimates database covering 3,000 major US companies, Ford Investor Services, I/B/E/S and others.

Now, following Lotus' acquisition of Datext in July of 1987. One Source is joined by a wide range of textual databases -covering in-depth data on 10,000 US public companies, 14,000 US banks and savings institutions, 17,000 high-tech companies and the biggest 4,000 companies in the world, as well as direct access to information from the Dow Jones News/Retrieval service. Says Conibear: "With all this information - 21 databases in all - delivery is a problem. Traditionally databases have been stored on big mainframe computers and, when required, information is called down to the end-user. That can be very time-consuming, and the end-user needs to go through complex routines to conduct a dialogue with the central mainframe. Mistakes are easy to make and difficult to correct. Also computer service providers have tended to charge rather heavily for the kind of searching and processing work that is such a big part of spreadsheet analysis.

"That's why we have chosen to go for compact disc technology. Data can be printed onto CDs and despatches very quickly. The discs are also very robust, and that means we can be happy to send them to users by courier."

From the user's point of view, inputting data into their PC from a compact disc is simple. Subscribers to the One Source information services are provided with compact disc readers which plug into the back of their microcomputers. The One Source service allows data to be manipulated according to the requirements of the individual without waiting for services provided in-house from a mainframe, for example. Waiting in line for access to a specific section of key data becomes a thing of the past. Once set up - a procedure that takes seconds - the user can select appropriate One Source or Datext data using the Lotus search facilities provided.

The implication of Lotus' move into the provision of financial data to the banking, investment and financial services community could be significant.

July of 1987 was a busy month for Lotus. Not only did it acquire Datext but it also bought Computer Access Corporation of Belmont, Massachusetts. CAC provides Lotus with advanced full-text search-and-retrieval technology, enabling users to select any references to company names, for example, or lines-of-business in seconds. This facility, together with the search routines that are included with Lotus' One Source product -"Microscan - are integral with the compact discs themselves. Once the discs are plugged into the PC, the scanning and searching facilities are automatically loaded up. In addition to the data and the search facilities, Lotus offers around 40 standard financial spreadsheets ready-made and available on the CDs. So not only can users search for,retrieve, and enter data into their spreadsheets in seconds,but they can even save time by using the ready-made spreadsheets available on one Source.

Lotus is taking its new integrated information services very seriously. Telerate, for example, has agreed to deliver its current-awareness foreign exchange and bonds prices service on-line to Lotus users in Lotus 1-2-3 formats. That means that the very latest prices can be fed into Lotus 1-2-3 spreadsheets as and when they change. And new databases will be incorporated into One Source and Datext when demand indicates a need.

The implications of Lotus' move into the provision of financial data to the banking, investment and financial services community could be significant.

Conibear adds, "By extending the use of Lotus 1-2-3 we can cement our position even more securely in the City and in the banking and financial services industry. It is essential that, having made it easy to manipulate data, we should also make it easy to input the raw data as well as output the finished work."

It remains a fact, however, that the data which Lotus has put together, the means by which it can be fed into PCs and the ease with which the data can be selected and loaded into end users' PCs, puts Lotus in a powerful position in the key segments of the financial community at which One Source and Datext are aimed. Lotus 1-2-3 has a massive user base in the City, and one which is likely to greet the advent of Lotus'Information Services with interest.

"The theory is persuasive," says Martin Conibear. "But the practicality of the project is a major problem. Traditionally, mainframe-delivered information services are supported by the people at the mainframe who may, if pushed,make a visit to the end-user to help put some problem right. We cannot rely on that kind of support with our new Information Services. So we must put - and have been putting- considerable support resources behind our offerings."

Lotus offers the CD reader unit of course. In addition, it provides initial set-up, installation of software and training. The Lotus service includes weekly copies of OneSource and Datext discs, couriered directly from Lotus' US compact disc printing plant. Lotus also offers users the ability to take electronic up-dates where necessary. For example, data input from a CD can be changed to reflect day-to-day price movements by means of a simple modem link via a London 'node' to the US information provider.

Lotus has no interest in becoming a primary source of financial information, but the company is determined to build more and more databases into its service. At present the strength of One Source and Datext is focused on North American bonds, company fundamentals and FX historicals. The Telerate link brings on-line FX and bond prices. Future moves will take Lotus further, liberating financial expertise from the data processing strait-jacket."

Cutting the Cost of Corporate Computing

NOLAN NORTON & CO., argue for a fresh approach to PCs

According to a research survey carried out by consultants Nolan, Norton and Co, everyone knows how much a personal computer costs, even though prices are falling all the time.

But hardware prices can be misleading. What companies advertise is the cost of a processor, keyboard screen and storage. That printer you need to use adds some more expenditure. Then there are the consumables - paper, floppy discs, printer ribbons or the cartridge for that laser printer that will give you the best available output. All of these cost money which needs to be paid regularly during the time that your personal computer is in use. And it's not only extra hardware you have to buy. You'll need software too. And you or your staff who use the equipment will need training. Whether its informal or formal may affect whether or not you pay a training company, but it still has a price. If skilled staff are learning how to use software, they're not doing what they're paid to do until they've mastered it.

To clarify this issue, and to indicate some of the areas where savings might be made, **Nolan, Norton and Co** carried out a research study in the USA. While the research was carried out in the US, the findings are still valid.

Nolan, Norton's analysis of the true cost of owning and operating a business personal computer pointed to two unseen factors as those incurring the highest cost. And the fact that neither might ever be seen on a balance sheet adds to their significance.

By far the most considerable cost was that of user time - in training, in reading manuals, in putting data into the system for analysis and in manipulating the output to the desired form. These and other activities actually added up to approximately 15 hours of user time per week, and no matter how you assess the cost of that time, it will always be significant.

The other significant cost was labelled "general support". Accounting for almost $3,000 annually, (as against $1,700 hardware costs amortised over 5 years) these costs include training fees, applications consultancy and other technical support, such as internal or external "hot-line" services.

Equally surprising were the categories where expenditure was smallest. Hardware costs seem large, but as noted above, when amortised over the period of likely use, then they pale into relative insignificance. So too, does the cost of software, which Nolan, Norton put at about $1200 on an annual basis. Both were overwhelmed by the unseen costs of user time and that of training and support, which, because it involves many small pieces of expenditure rather than one or several large amounts, may not be realistically appreciated.

So where and how can users, or their companies reduce that overall cost?

Clearly the softest target has to be in terms of user time. Anything that can help the user get out of the system what he needs in a shorter time can have a significant effect on productivity.

The difficulty here is that it is likely to be 'quality' factors rather than more immediately, price, which become important. These quality factors relate to ease-of-use, both in terms of how the software is presented and in terms of related items such as the readability and scope of manuals. Ease of use has been the Holy Grail of the computer industry for some years now, coming as it did with the recognition that expanding its market size meant expanding its user base. Possibly, real advances will only come with the new operating system for IBM's Personal System/2.

Lotus own central philosophy is to help users in two ways. First, by assisting in the automatic collection of the data which is needed for analysis. Second, by the creation of a family of products which will help automate the entire executive process.

In the early days of the spreadsheet, it was fairly typical to see managers taking their monthly management statistics, neatly printed out from a central computer and delivered through the internal mail, and re-typing sections of the figures into a spreadsheet for a particular analysis of their own.

Now, whether the information is privately-held within a corporation or held on a publicly available database, the flow of data is automatic - and electronic, rather than manual.

That acquisition of data though, is only the first stage of the typical management process which has decision-making as its objective and the spreadsheet as its central tool. The process stretches from data acquisition, through to analysis and finally to the presentation and distribution of findings and conclusions. To match this requirement, Lotus' product range includes data acquisition, analysis and presentation packages.

The significance of this is that once Lotus 1-2-3 has been mastered, there is an initial familiarity with other products in the Lotus range. It is this that can reduce user time- expenditure in both ease of use and perhaps more importantly in terms of ease of learning to use new applications.

Lotus' response to the Nolan, Norton research has been to redouble its efforts to assist users reduce cost and improve productivity by improving the quality of its own services and policing the standards of those external to Lotus who provide additional Lotus-related services.

Through programmes such as the Lotus Approved Consultants and Authorised Training Centres Schemes, through Lotus' own hot-line and through liaison with the very effective Lotus User Group, more and more companies will be able to attack in the most effective manner the problem of reducing the cost of office automation.

Nolan Norton & Co. is an information technology company of Peat Marwick McLintock and will be undertaking a new UK multi-client research project in the new year.

1-2-3 still sets the standard

MARTIN BANKS investigates a software phenomenon

The success of 1-2-3 is almost a computer-industry myth. It was the best-selling software package just three months after its launch and has remained at the top of the best-seller lists for five years. Martin Banks examines the reasons why in a market where change is the only certainty, 1-2-3 remains as a monument to the original thought behind Lotus.

With the coming of new hardware systems, such as the IBM PS/2 and new operating environments such as OS/2 and Concurrent DOS 386, much of what is currently considered 'traditional' in the personal computer market is a potential target for change, and the market leader in the spreadsheet business, 1-2-3 from Lotus, is no exception.

It has been the target for some time of course, with many companies offering spreadsheet products that operate in a similar way and which work with existing 1-2-3 data files.

It would be expected that the average PC user, faced with a new product that claimed to be cheaper than the brand leader, might well be tempted. In the end analysis, however, 1-2-3 is one of those products where the offering of a cheaper rival is not sufficient reason to sway users.Lotus can still claim to have a 60 percent share of the spreadsheet business in the UK.

Spreadsheet programs such as 1-2-3 were first used by individuals working within a corporate environment. They may be in the marketing department, or corporate planning, or perhaps have financial management and budgeting responsibilities. Such people have a perspective beyond their own individual outlook and the Lotus 1-2-3 spreadsheet has enjoyed such market success that it is now a de facto standard. In that context, it makes sense to standardise and stay with 1-2-3.

Chase Manhattan,for example, provides 1-2-3 as a service to those companies who take its range of treasury management systems. Other banks base their services on Lotus 1-2-3 as well. Any one who didn't would be disadvantaged in a market where accountants, analysts and economists are viewed as eccentric without a basic knowledge of this fundamental analysis tool.

Add to that the international nature of Lotus 1-2-3 (it is available in 9 different language versions) and you find another major impetus for standardisation of the part of multi-nationals.

Above all, many of the users of 1-2-3, or more specifically their Management Information systems managers, will understand that the purchase price of a product is often only a minor factor in the total costs of owning and using it.

Here, Lotus have been particularly successful. With competitors later into the race for market share cutting the purchase price of their products, Lotus has responded by building what amounts to a new industry around itself and its best-selling product, 1-2-3. Effectively, while others have cut prices, Lotus have added value - quietly keeping the product up-to-date but equally importantly encouraging the close cooperation of an army of third-party companies, all of whom provide important additional services which Lotus alone would find difficult to do.

Support in this context means several things. It means, for example, the ability to answer users' questions and find solutions to users' problems. There will be many users who find, when they attempt a particular task for the first time, fail to to make it work correctly. In nearly every case, such problems can be readily solved by an experienced individual talking the user through the steps of the problem. Lotus has responded to this requirement in three ways. First by providing its own free-of-charge hot-line to registered users. second, by encouraging co-operation amongst Lotus users themselves through the Lotus User Group. Third, the company has recognised the need to encourage dealers selling its products, also to support them.

But service is not everything, and Lotus has also been keeping 1-2-3 in line with market developments. For example, Lotus itself has added two new 'add-in' modules for the package that improve its overall performance. One, called Speed-Up, improves the recalculation time of 1-2-3 by changing the way this is performed. Using Speed-Up, only those cells which will be changed in value by a modification to the spreadsheet will actually be recalculated, making any recalculation task a great deal faster.

The second Lotus addition is Learn. As its name implies, this add-in provides 1-2-3 with the capability to 'learn' a set of keystrokes more commonly called a macro. In this way, the user gets the opportunity to teach 1-2-3 to perform a regular task.

Another factor is Lotus' ability to offer a coherent set of products which can automate the entire process of data collection, analysis and presentation of results. This process has the 1-2-3 spreadsheet at its heart, with other application products from Lotus assisting with actually getting data to the point where it can be analysed, and, once analysis has been carried out, helping automate the presentation and explanation of the findings.

Add-in functionality is also being used by Lotus to develop 1-2-3. An example is the English-language front end called HAL. It is fair to say that, in many respects, the company is following the market trend in this approach, as Lotus has encouraged an extensive network of third-party companies providing add-in capabilities for the basic package. These can be an important part of the overall "comfort factor' associated with 1-2-3, because they can provide many specialised functions that many users will, in particular instances, require.

As 1-2-3 is a numerical modelling package, it has an infinite range of possible applications. The commonality of such applications has led third-party suppliers to provide an ever-increasing range of pre-configured models that perform standard tasks for particular specialists. These can prove to be essential for many users, saving them the work involved in developing their own models from scratch: perhaps also doing a better job. This can be an important part of utilising a spreadsheet, to perform a complex task.

As well as entering the 1-2-3 Add-in business itself, Lotus is planning new full releases of the package. While incorporating the functionality of the Add-ins already available, these new releases of the package provide an upgrade path for users of 1-2-3 and should at the same time spread its capabilities further. For example, a networked version of 1-2-3 has been announced. This has been developed in response to growing demands from existing users, many of whom are amongst the larger corporations already increasingly committed to the concept of networked PC systems. The Networker, due to be available later this month, will use a counter mechanism to provide users with access to 1-2-3 across a network and will support 'locking' of spreadsheet files.

Moving 1-2-3 to different hardware environments, such as IBM mainframes, is becoming a strategic objective for Lotus. Versions of the package are being planned for the Apple Macintosh, a machine which has recently found increasing acceptance in the corporate marketplace, and for the new PCs such as the IBM Personal System/2, which will run the OS/2 Operating System.

This new release will add the capability of processing multiple, linked worksheets, as well as providing the facility of consolidating separate worksheets into one. This will allow users to model the interactions between different worksheets, for example when modelling related budgets across a number of operating divisions in a company, in a single recalculation.

Through the continued development of the package, and the growing third-party industry surrounding it, Lotus has a product which is an industry standard package. Not because the company says so, but because Lotus has motivated a vast industry which builds into and on the platform Lotus has provided, to offer a unique value equation to users of personal computers.

LOTUS PLANS TO DEVELOP 1-2-3 FOR APPLE MACINTOSH COMPUTER

Lotus will develop a new version of 1-2-3 - the world's best-selling business software program - for the Macintosh family of computers.

Lotus will also deliver Modern Jazz during the first quarter of 1988. Modern Jazz, previously referred to by its codename Galaxy, is a six-function integrated software product for the Macintosh.

WHITBREAD TEAM TAKE BUSINESS CHALLENGE '87 AWARDS

A team representingWhitbread and Co Plc have won the Business Challenge '87 award, a business competition sponsored by Lotus Development and the Institute of Directors and run as part of the Institute's "Reskilling Britain" campaign.

The award itself, a trophy and 3,000 of business software from Lotus was awarded at a lunch at the Institute by IOD Director General, Sir John Hoskyns. Runners-up were **Shell International** and in third place, a team from Liverpool,sugar refiners **Edward Billington Ltd.**

Designed as an educational and team-building exercise, the Business Challenge '87 had the dual aims of promoting a broader awareness of business planning in general while introducing, in a practical way, computer-based analysis techniques which research had shown to be under-valued in some of Britain's largest companies.

The winning team was comprised of four members of Whitbread's Information Systems Group based at Chiswell Street in London.

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PRESENTATION

British business becomes more image conscious

SIMON MOORES examines the growing market for presentation software

Simon Moores, chairman of the Lotus User Group and freelance computer journalist examines the growing market for presentation software.

A recent and expensive advertising campaign by Apple Computer, a leading manufacturer of personal computers, added weight to the now more widely-held opinion that graphics -the explanatory picture, symbol or chart - is an essential part of the presentation of what numbers really mean.

With Freelance, Lotus are providing users with a product that fulfils two important management needs. The first of these is a facility that will enable users to embellish the graphics already produced by 1-2-3 and Symphony, and that will support a range of high quality output devices from laser printers to 35mm slides. Freelance is an extremely flexible graphics design vehicle, which allows the user to choose from an array of different font and shape selections,in addition to a library of symbols and drawings which can be used to illustrate and dramatise what might otherwise be difficult concepts to convey.

Kirty Davies,. Lotus Graphics product manager points to the recent establishment of a number of specialist "Graphics Bureaux" as evidence of an increased public interest in graphics software. Davies chooses to describe Freelance as a graphics editing and creation tool which allows the user to become much more imaginative with the output of a graph or numerical information from 1-2-3 or Symphony. Freelance is, she believes, a product which can take an unremarkable set of figures and graphics, and re-mould it into something which has a vivid presentation quality.

"People are becoming more attuned to the output quality of their work. The growing interest in desk-top publishing software is evidence of this as they become more aware of the visual impact of the information being dealt with, they realise that graphics can express much more than a collection of numbers and simple graphs. "

Phil Miller, of business graphics consultancy Management Graphics, who are also Lotus Authorised Consultants,explained, *"Users start out by simply trying to save money by meeting their usual need for presentation materials - charts and information slides for sales promotion for example - from their own computer."*

"Their expectations, though, become higher at the same time. They realise that the sort of quality of presentation that one is used to seeing on television is possible - even to a limited boardroom audience.

Helping users improve the visual interpretation of data is a goal that Lotus has set themselves with both Freelance and Graphwriter.

If even more sophisticated or specialised output is required, then a Lotus Authorised Consultant, like graphics specialists Bergman Broomer, can supply it. Mark Broomer, a co-founder of the company,explains, "We have the expertise to create customised logos, illustrations, templates, backgrounds or borders whether for documents or visual presentations. We can also advise on the best way to present particular types of information in terms of graphics structure and colour."

Through Lotus' strategy of file compatibility between their products, it is possible for companies to use Manuscript, a word and document processor, to merge Freelance graphics and ordinary text in an exercise which provides sophisticated presentation capabilities with an excellent word-processing facility. At the same time, many of the complexities of desk-top publishing systems are avoided.

The Lotus User Group and BP are two companies that use Freelance and Manuscript as a vehicle for producing their newsletters. The Lotus User Group, which commonly has a print run of over three thousand copies of its magazine,Forum, found that using the Freelance-Manuscript combination with an Apple Laser Writer, made a substantial cost saving over previous methods of print production.

The success of Freelance reinforced the Lotus belief that the market for business graphics tools was becoming more sophisticated. When 1-2-3 first came to market its graphing facilities were more than adequate to satisfy expectations at that time. Editing and design facilities of a more sophisticated nature came with Freelance and particularly Freelance Plus. More sophisticated charting with Gantt and Bubble charts for example, have arrived with Graphwriter and Graphwriter II.

The first release of Graphwriter, although arguably successful and attractive in its functionality, used a different, and unfamiliar, interface from other Lotus products. More importantly it lacked the smooth integration and product compatibility that users were coming to expect from Lotus software. Lotus revised and updated the product in order to bring it fully in line with other Lotus software, and also the dBASE, ASCII, SYLK and DIF formats.

Graphwriter II has all the ingre*dients for success built in. The* new features could take an entire page to themselves, but for the Lotus user there are however two areas of instant appeal.

Within Graphwriter it is possible to view a Lotus worksheet and select the data, range names and labels that will combine to make up the graph the user wishes to create, in very much the same way as 1-2-3 or Symphony. This is vitally important, because it means that a new user can be up and running within a very short time of installing it.

This apparently seamless link between Graphwriter, 1-2-3 Symphony and other supported file formats makes it possible to update graphs from changes in the source worksheets almost instantly. This is both useful and exciting from the point of view of time saving, particularly as up to one hundred charts can be updated, displayed or plotted with a single command from the Graphwriter menu.

Lotus can now point to over fifteen successful products, which use the Lotus spreadsheet expertise as their core, but build into a range which helps automate the whole executive process - from the collection of facts and numerical information, its collation and analysis through to a vivid presentation of findings and conclusions.

Lotus' range of presentation products help make the findings of reports and business analysis exercises more compelling.

contd.from page 21 column 3
BUSINESS COMPUTING

character - based user interfaces and be compatible with each other.

More evidence for this evolutionary approach came when those interviewed were asked about the time-scale that their companies and organisations would take up OS/2.

While 62 per cent of those questioned held the opinion that there would be a time when there would be more OS/2 users than DOS users, the majority predicted that this would happen within three years.

It seems that during this long transition period, when uncertainty is once again stalking the planners of business automation, it is the software companies who can provide compatibility between today and tomorrow that users will look to as mentors and guides.

Not surprisingly, when the new operating system becomes available next year, no one has the flexibility to replace every system they have with new equipment. A mixed computing environment will be increasingly seen, with new systems and practices being introduced only when real economic advantages are to be gained or when equipment has reached the end of its useful life. Not until the early 1990's will the number of new machines outnumber existing personal computers in a corporate environment.

However, currently only 6 per-cent of those questioned intended to adopt OS/2 on all new purchases of personal computer equipment. A fifth of the sample intended to phase out the existing DOS operating system gradually, although by far the greater proportion - over 40 per cent - will adopt OS/2 only for specific applications.

And the picture remained similar when the sample were questioned about OS/2 1.1 - the version which includes the Presentation Manager graphical interface. **Inevitable Change.** The message here seems to be that while a long-term change is inevitable, purchasing authorities in some of Britain's largest companies do not intend to move toward new technology for its own sake. It isn't seen, at least at the moment, as justifying more than a gradual change.

And what of the role of the software manufacturers during this change?

When the same sample were asked about suppliers of application software for the new operating systems, 84 per cent expressed the view that they were confident that their existing spreadsheet supplier would be able to satisfy future needs.

All of which should be reassuring to Lotus, who currently supply around 60 per cent of the market. The basic conclusion to be drawn is that the computer industry has to listen more to those who buy and use its products. In particular, the life-span of products can no longer be related to what is technically possible. It has to be related more to what the market wants, what can be usefully used and over what period of time those changes can be absorbed.

From a corporate point of view, what is important is the economic usefulness of a product, not how elegant a solution it might be to a theoretical problem.

In this environment, Lotus plans to redouble its efforts to support and guide its users. Through Lotus' software forums, corporate briefings and publications and other formal and informal communications, Lotus will provide more than just new products. It will also make the company a central focus on a pathway to the future.

For a copy of the full report "Major Corporate Decision- makers' Attitudes to IBM's OS/2" compiled by MORI, just complete and return the coupon overleaf.

Presentation: More of a science than an art

A spreadsheet package, like any other piece of generic applica*tions software is just one link in* the processing chain which leads from the collection of data, through analysis, to the presentation of conclusions.

Michael Kolowich, Lotus' corporate vice president of Marketing, in a recent presentation to business analysts, put it like this.

"Beyond task automation is process automation. Instead of matching particular pieces of technology to particular steps in a process, the user begins to think about supporting a whole chain of steps. For example, he might start thinking about the entire process of getting stock price data into a proposal, rather than how he reads them from a newspaper,then inputs them into a spreadsheet, then transfers them into a graphics package for enhancement, then cuts-and-pastes them into a word-processed document."

Clearly then, there are elements of that equation before the spreadsheet ever comes into play. It is obvious also that,after spreadsheet-type analysis, word-processing, graphics and desk-top publishing functions are also involved.

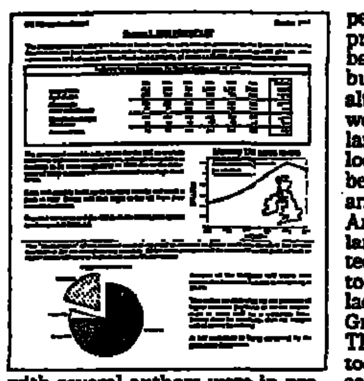
Lotus Manuscript is the result of Lotus' intention to provide a useful contribution to the process - the collection, analysis and presentation of data - beyond the *range of software which has* already made Lotus a company of worldwide standing.

Lotus Manuscript wasn't designed as a desk-top publishing system, nor as a competitor to existing office word-processing systems. It was intended as a document processor,with its best features being those which assist the composition of long, structured documents - such as reports,proposals, or evaluations.

Jim Seymour, writing in the US PC Magazine,pointed to Manuscript as illustrating this convergence.

"Manuscript," he said, "is the first full-fledged word-processing program to come to market with such a rich set of page-assembly and page-display tools."

But, as Michael Bywater pointed out in a recent article in Punch magazine, no two word-processing packages are created equal. In that article he said: "I have innumerable WP programs, most of which are good at certain things,"and went on to explain that the best all-round WP package was not the same as one which was the best for a particular purpose - like scriptwriting, for example. This section of his article ended with the thought that if a long technical document



with several authors were in production, Michael Bywater would, "turn off the Macintosh, switch on the Toshiba 3100 and run Lotus Manuscript."

Document processing enables the preparation of most types of professional business documents or proposal - with combined tabular information, text and graphics. As such, it can look very like desk-top publishing itself.

Typically the kind of documents most suited to Manuscript will not just be drafted and revised. Input will come from additional authors. Information will be rearranged. The document as it finally appears may serve as a model for others. Where does this happen? It happens, for example, in the legal profession where contracts can be both long and detailed. The bulk will be standard text although significant parts might well be changed. In that particular instance it could be vital to look at the changes which have been made from one version to another.

Another vital attribute, particularly for engineers,scientists and technical staff will be the ability to include mathematical formulae using scientific notation and Greek symbols.

The structure of the document, too, is important. It needs to preserve its shape despite input from different authors,even if those authors write in different styles. Proposals often rely on one coordinator who will provide an introduction and conclusion, with much of the detail compiled by particular experts. This is true in architecture and the building industry for example, where a development proposal might be coordinated by the development company, but the bulk of the material actually may be supplied by the specialists employed - architects, engineers and designers. Business reports are often prepared in the same way, with input from different departments.

In most DTP packages the core is some kind of page-layout or paste-up program which coordinates a number of additional packages designed to handle the text editing and graphics tasks.

Few suppliers have yet reached the stage where they can justifiably claim to offer text creation, text editing,graphics creation, graphics manipulation and layout all in one package without the need for additional third-party products.

Within Manuscript, Lotus are providing the most important of the features of sophisticated WP and DTP packages within a single system. All-in-one software is generally easier to use, the user interface remains consistent and it can work out cheaper. It's the same argument which Lotus made a success of with 1-2-3 and Symphony.

Manuscript is not intended to provide full DTP facilities, but it does provide the ability to handle long, structured and complex documents (including high-quality output) without sacrifice of speed.

Lotus will be developing a range of software to meet the challenge of a future where process automation from data acquisition to sophisticated presentation becomes not just possible but a reality for a new generation of users.

contd. from page 21 column 5
BOLD STRATEGY

on local area networks, which will offer tight integration with Lotus spreadsheet products. These products have been built around both internally developed tools and technology provided by external strategic partnerships. They will take full advantage of IBM's Operating System/2 (OS/2) and, where available, 32-bit microprocessors and high-performance disk storage. At least one of the Lotus/DBMS products will employ the new Presentation Manager, the graphical user interface which will assist both ease of learning and ease of use in computer applications.

Lotus/DBMS will provide workgroups with the same kind of transaction capabilities and applications development tools which is currently associated today with minicomputer and mainframe databases.

"We believe there is a wide gap in the database market, between easy-to-use databases on personal computers and powerful database management systems designed for minicomputers and mainframes," said Manzi. "Current operating systems aren't capable of supporting applications which fill that gap effectively. These limitations should begin to disappear in 1988 as advanced operating systems are introduced.

"Lotus/DBMS products will be available after the delivery of IBM's OS/2 Release 1.1, which is expected to be available next year.

NEW LOTUS SPREADSHEETS

Lotus will offer products codenamed 1-2-3/G and 1-2-3 Release 3, providing spreadsheet users with a dual but highly compatible growth path. Both 1-2-3/G and 1-2-3 Release 3 are designed to continue setting industry-wide standards for ease of learning, ease of use, error-handling, performance, and versatility in spreadsheet software. They have been designed to provide complementary options and will work side-by- side.

Among the capabilities both new spreadsheet products will offer:

- multi-dimensional, layered, and linked worksheets for easier consolidation, flexible "what-if" case analysis, and organised worksheet design - improved graphics for analysis and presentation
- high-performance, programmable data import capabilities from the Lotus/DBMS product line and external information sources
- ergonomic and error-trapping improvements, such as optional mouse support and "undo"
- an extended applications facility for customisation and extension, as well as for linkages to other Lotus applications.

1-2-3/G will take full advantage of OS/2, employ a graphical user interface, and will offer advanced financial modelling, data-sharing and analytical tools. 1-2-3 Release 3 will also take full advantage of 05/2, but does not require it. Release 3 will also provide significant improvements for users of the current operating system, DOS 3.X.

Lotus will also continue to provide a growth path for its Symphony customers closely parallel to that of 1-2-3. Future evolution of the Symphony spreadsheet includes a new version of Symphony, which will offer impor tant new enhancement for users.

LOTUS EXTENDED APPLICATIONS FACILITY (LEAF) The Lotus extended applications facility offers third-party and corporate developers, as well as sophisticated end-users, tools to customise and extend the functionality of Lotus core products. It will bind together all the components of a Lotus system of applications products.

User Group Expands

In just a year, the Lotus User Group has become one of the most successful representative organisations in the computer industry.

With well over two thousand users of Lotus software in this country, there was a well perceived need for a service and support structure which could extend beyond those facilities that Lotus Development, as a manufacturer, was able and prepared to provide.

The Lotus User Group arrived to fill the vacuum, and it can now claim almost two thousand members who regularly subscribe to its services. One of the most important of these is the need for technical support. Lotus Development have their own free "Hot Line" for registered users, but this is particularly relevant to technical and hardware difficulties as opposed to applications oriented problems.

The Lotus User Group "Help Line" offers three services that should appeal to the professional user of Lotus software. calls can be made six days a week from *10:00am to 8:00pm.*

Free advice and assistance on a number of subjects is available from technical support consultants, professional Lotus users in a wide range of fields from accountancy to engineering.

The Lotus User Group also acts as a source of information and supply for eighty books, and over one hundred different software products which can add value and benefits to the use of Lotus software. Among other things members receive the group's magazine "Forum", regular newsletters and a free subscription to the highly popular Lotus Magazine. Forum contains a vast amount of technical and business-oriented advice. Freelance technical journalists, and there are reviews of both hardware and software which can help any user of Lotus products. Forum also provides a useful reference when looking for training companies, consultants or just some specialised help.

An individual's £95.00 subscription to the Lotus User Group, enables products to be purchased at concessionary prices, with some items being reduced by as much as 25%. If a specific product is not listed, then the group will attempt to find it for the best possible price on that day.

The user group is supported by well known business consultancies such as Coopers and Lybrand and Peat Marwick McLintock, and members are supplied with information on both consultancy and training, with special terms available on both these services.

Special seminars are held frequently, are normally free of charge, and have been held in cooperation with companies such as Lotus, IBM, Compaq, Intel and Microsoft. They have covered themes such as "Developments In The Lotus After Market" and "Managing The Information centre".

As The Lotus User Group moves into its second year it expects to find itself in a position where it will be able to to develop new services, and offer more benefits to its members. Already this autumn we have seen the establishment of the first regional group in Tyne & Wear, and as the membership and interest increases it is hoped that the present impetus will encourage the establishment of smaller support groups throughout the country.

Without a doubt the new generation of hardware and operating systems will generate a demand for the kind of services that The Lotus User Group already provides. With more than fifteen Lotus products already on the market, and more to come, the near quarter of a million Lotus software users in the UK will be looking for direction and assistance for some time to come.

ADVERTISEMENT

SCIENCE

Propping up Parkinson

BEN WOOLLEY

Does Parkinson's Law Still Survive in this Age of Computer-Aided Efficiency? We asked Benjamin Woolley to Take a Closer Look.

Parkinson's law is quite clear: work will expand to fill the time available for its completion. Despite this, business people are proving increasingly reluctant to observe what is a primary principle of commercial practice. A minority of persistently criminal elements have been known to juggle resources to ensure their *most efficient deployment*. Some have even finished jobs ahead of time and then started another.

These habitual offenders have naturally been cause for deep anxiety among the more traditional, law-abiding members of the business community, who have implemented a variety of self-help schemes and rehabilitation programmes to clear up the problem, or at least conceal it. In the early days, most of the proposed remedies were crude. Employers tried to precipitate drawn-out disputes and the occasional lockout by encouraging labour relations to deteriorate. Middle managers were given company cars to maximise the time they spent stuck in traffic jams. Three-hour lunches were prescribed, and expenses made available to increase the consumption of alcohol and saturated fats.

Possibly the most promising of these early remedies was the widespread practice of moving key personnel out to the suburbs, to reduce to an absolute minimum the time they could spend in the office. British Rail was central to the development of this scheme, making generous provision for staff shortages, frozen points and tree leaves on the line. And the Government, of course, has introduced a number of infrastructural measures to encourage office-hours economies, most notably with cuts in transport funding and the construction of the M25 orbital motorway.

But such measures proved to be of limited effectiveness. Still the time crime rate was swelling at an alarming rate. To overcome the increasing sophistication of the modern criminal, more advanced methods were called for, and industry has been quick to provide them.

One of the most successful has been time management. Business consultancy clinics, for example, now regularly prescribe personal organising systems in order to prepare convicted offenders for their return to the community. These have the advantage of *being relatively cheap and simple* to operate, enabling the user to expend an enormous amount of effort drawing up schedules and do-lists, filing irrelevant facts and searching for randomly sorted telephone numbers. Deploying loose-leaf ring binder technology further ensures that, at moments of particularly intense stress, the entire contents of the organiser can be scattered across the office floor and arbitrarily reshuffled.

But perhaps the greatest advantage of such devices is that they provide a means of introducing users to what was, until recently, the primary means of crime prevention: the photocopier. This cunning machine, which surely deserves a place at the very summit of Parkinsonian practice, is an invaluable element of any rehabilitation scheme. Once the consultant has instructed personal organiser trainees in the art of collating sheaves of notes, jottings, maps and tables of wine vintages, they are told to photocopy the entire collection. This takes several days and requires at least one visit from the photocopier maintenance engineer, who will need, not a minute less than the allotted six hours to dismantle the paper feed mechanism, minutely inspect the contents of his attache case-cum-toolbox and drink coffee, prior to regretfully announcing a *24-hour delay* for the delivery of spare parts from a depot remotely located on an industrial estate in Berkshire.

What makes photocopiers especially effective is that you don't even need a personal organiser to use one; any document will do.

However, the photocopier is now being superceded by what must surely be the consummation, the acme of business technology: the desktop computer. It is in Japan, West Germany and the USA that information technology has been *most vigorously developed and* implemented, as all three economies suffer from the most primitive business practices; Parkinson's law is little known and routinely ignored. Only in the past few years have they fully realised the debilitating consequences of their underdevelopment, and taken steps to overcome it.

But Britain, too, has been quick to identify the advantages of office automation. With manual systems, business people have to *find their own means of filling* available time; the computer, in contrast, will do it for them. Furthermore, such refinements as multi-tasking have ensured that work on several jobs can be expanded to fill the available time simultaneously.

The capital-intensive and time-consuming nature of information technology has already proved to be a powerful lure to the Stock Market, which has *since demonstrated that the* deployment of computers can make the entire economy, as well as the *financial* market, more energetic without precipitating a destabilising increase in productive work.

But the real power of computing is that, thanks to the emergence of the PC, it is accessible to almost anyone. This is the age of desktop democracy, when everyone is entitled to their own slice *of processor time. With the devel*opment of cheap hardware, multi-volume manuals and integrated software packages, personnel at all levels, from clerical workers to board members, can, if they choose spend more time than ever before engaged in purposeful but ultimately fruitless activity.

Law and technology are, surely, the two great achievements of humanity. We should give thanks - especially when we've got a few minutes of writing time to spare and nothing but platitudes to fill them with - for the communion of the two in the sunrise industries of the modern era. Technology has ensured that Parkinson's law is as appropriate today as it was when it was drafted in 1958, and will remain so for generations to come. That's it; time's up.

NEW NATIONAL NETWORK

Lotus is launching a country-wide network of highly qualified computer dealers called System Centres, designed to give corporate users of Lotus' products a comprehensive post-sales service. The centres are being formed in conjunction with some of the country's leading computer dealers.

Simon Rogers, Lotus' UK Marketing Manager explains. "Any investment in software needs proper support and back-up. Through the new System Centres, users will have direct access *to a wide range of* training and consultancy advice from staff trained by Lotus. We want to provide corporate users with a shortlist of dealers who offer guaranteed standards."

The centres will also receive advance information and training on unreleased products. This will ensure corporate customers receive immediate qualified advice and demonstrations as soon as new products are announced.

Stuart Lakey, Sales and Marketing Director of Personal Computers, said, "At Personal Computers, our aim in becoming a Lotus System Centre is to act as a bridge between Lotus and our customers in offering a diverse range of services.

The current Lotus authorised system centres are :-

AYSTEL LTD
Leatherhead Surrey
TEL: 0372 386454

BONSAI LTD
London TEL: 01-631 5454

BUSINESSLAND UK LTD
Ealing TEL: 01-579 3003
Altrincham, Cheshire
TEL: 061-928 6468

COLSTON COMPUTER CENTRE LTD
Bristol TEL: 0272 276619

COMPUTACENTER SOFTWARE
London TEL: 01-236 2355
01-379 0062
Edinburgh TEL: 031-26 2266
Birmingham TEL: 021-454 7722
MaidenheadTEL: 0628 785181

CSM SYSTEMS PLC
Nottingham TEL: 0602 866356

DATASOLVE MICRO
Farnborough Hants
TEL: 0252 521444

INTERNATIONAL SOFTWARE LTD
BRENTFORD
Middlesex TEL: 01-847 3761

PERSONAL COMPUTER LTD
London TEL: 01-377 1200

PLANNING CONSULTANCY LTD
London TEL: 01-839 8890

RAM COMPUTER SERVICES PLC
Bradford TEL: 0274 736455

WORLDWIDE COMPUTER
London TEL: 01-543 2211

COMPUTACENTER
Bristol TEL: 0272 420161

SPECIALIST COMPUTER CENTRE
Birmingham
TEL: 021-766 7000

YORKSHIRE MICROCOMPUTERS
York TEL: 0904 6120061

Lotus
System Centre
COMMITTED TO EXCELLENCE

Lotus measures up for scientists

DR TREVOR RAE

Cambridge – based Pharmacia LKB Biochrom Ltd., make spectrophotometers for use in biomedical research. More recently they have also been supplying Lotus Measure software which provides automated data acquisition far more economically than custom-designed software.

For far too long scientists, engineers and other technical users of personal computers have had to improvise with software, developed primarily for business and commerce. Common requirements in science and engineering include specialist data acquisition, analysis and reporting. Results from surveys conducted in the United States and Europe indicated that nearly one fifth of people using Lotus products are engaged in technical work. These findings led to the development *of a number of products* which directly address the special needs of this group of users.

The surveys also revealed that a large proportion of spreadsheet users had a need for data acquisition, this need is now largely satisfied by Measure which is able to collect data from instruments directly into a 1-2-3 spreadsheet.

A number of standard laboratory and industrial test and measurement interfaces are supported by Measure including RS-232, IEEE-488 and both 8 and 12 bit analog to digital conversion. Features which make Measure particularly attractive are the ease with which it can be set up to interface with a variety of instruments and the high degree of flexibility offered through the use of various macro commands.

Although a new product, it is already being enthusiastically received and finding application in many fields such as biomedics. research, product development and quality control.

Cambridge-based LKB Biochrom Ltd, for example, make spectrophotometers which are supplied with dedicated data acquisition *software and are used widely in* biomedical research. Product manager Andy Allars, has found that Measure offers a solution for those customers who have special requirements for data acquisition software which would otherwise be prohibitively expensive to produce on a "one off" basis.

Steven Dodd at Optical Fibres in Deeside has exploited the flexibility of Measure to establish the performance of optical fibres under various environmental conditions. Measure is used to control both the test environment and to monitor the intensity of laser light transmitted through the optical fibres. The time taken to set up a test to a customers specification and to analyse the resulting data is considerably reduced.

Redland Information Systems Ltd at Reigate, are investigating the use of Measure to provide an eco*nomical solution* for the monitoring of temperatures at the inlet and exhaust of kilns used for firing bricks and tiles.

Although Measure and 1-2-3 satisfy the requirement for data acquisition and analysis, another *essential aspect of the communi*cation process for technical information is the production of formal technical reports and scientific publications.

Here, Lotus Manuscript scores heavily. Designed for the technical professional as well as the businessman, Manuscript incorporates many features in addition to those to be found on an ordinary word processor. Although Manuscript can be used as a conventional word processor it is geared to handle long structured documents such as technical reports. It includes, for example, facilities for the generation of a table of contents and an index. Text and graphics can be mixed on the same page, both graphical and tabular data can be *incorporated directly from 1-2-3* or from Graphwriter II, the images can be scaled and positioned anywhere on the page. It also has a table editor which makes the production and editing of tabular material particularly easy. By using inbuilt slash commands it is also possible to generate mathematical equations.

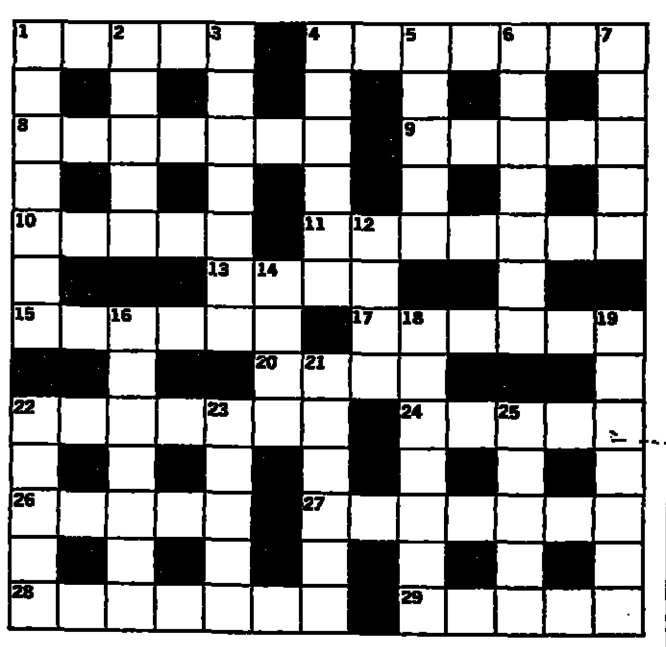
In addition to the resources provided by a word processor, there is often a need for a document to include line diagrams, images and special symbols. Existing material may need enhancing by the additon of legends or a company logo for example. Freelance Plus provides the means. Mathematical formulae, chemical symbols, maps, flow charts and building site plans are just a few *examples of the graphic images* which can be generated or edited in Freelance Plus and incorporated into Manuscript. Data to be presented on other media, such as 35mm colour slides or by overhead projection can also be produced by Freelance Plus.

A particularly attractive feature about the products mentioned here is the ease with which information can be exchanged between the various packages.

The consistent user interface means that you immediately feel at home when switching from one Lotus application to another. The process of data acquisition via Measure, data analysis by 1-2-3, data presentation with Freelance Plus and Graphwriter II and data reporting with Manu*script has never been easier* or more complete. Lotus now means business in the scientific and engineering fields.

LOTUS CROSSWORD PUZZLE

VIXEN



ACROSS

1 Company that's superior in a great deal! (5)
4 Firm agreement to get a variety of 13 across (7)
8 Therapeutic, so it may be claimed (7)
9 Operating device to give the 8 across man practice (5)
10 Material obtainable from any London street-market (5)
11 A person writing to arrange credit (7)
13 Many is the week-end one gets a round (4)
15 Asserts turnover's done away with a worry (6)
17 Wild game is represented in some pictures (6)
20 Single individual going after the money (4)
22 Guys on the staff? (7)
24 Ophidian computer (5).....
26 .....and the foreign aristocrat possibly requiring it (5)
27 Part of America popular with a member of the royal family (7)
28 Pay back the holiday money abroad (7)
29 Cook – or, put another way, a good man (5)

DOWN

1 Feels sorry for people in the Parisian back-street (7)
2 Subject to ups and downs in the main (5)
3 Supports – many are minute (7)
4 Accountants *hold everything* for an opera singer (6)
5 Be like the Bohemian girl – start calmly (5)
6 Droll article on studying (7)
7 A subject of the state (5)
12 Hide when bearing family (4)
14 The bit of land in this country that is left undeveloped (4)
16 Secures new contrivance, so is able to save (7)
18 Twist, note – and with little hesitation! (7)
19 Help to arrange about the right *transport* (7)
21 One holds nothing back in communication (6)
22 Walker's getting by. Bill's being put inside (5)
23 Precept of a person refusing to drink in low environment (5)...
25 ..... or taking just a little drink before a show (5)

Kensington hosts major exhibition

Last April a unique event took place in London. For the first time a computer software company held its own exhibition exclusively for users and potential users of its product range. The company of course was Lotus Development.

Since their launch, Lotus' range of core products, 1-2-3, Symphony, Freelance Plus and Manuscript have spawned an industry of companies producing products and services that complement the use of the Lotus range. Lotus World '87 represented the first public gathering of this industry.

The Lotus industry embraces many areas and by its size acts as testament to the popularity and extensive usage of the Lotus product range - over 5 million people worldwide use 1-2-3.

Lotus' overall strategy is dictated by the requirements of its users and the company believes that selling an initial software package is only the beginning of the relationship between company and user. From the very beginning of the company's history Lotus realised that a full range of support and consultancy services would have to be provided to ensure that users reaped the maximum benefit from their investment.

From this original philosophy was born a range of services such as regular user communications (on product enhancements for example) applications development, technical support, formal training and informal advice.

Many of these services are provided by companies independent from Lotus with Lotus itself policing standards and monitoring effectiveness. This position did not happen by accident. Lotus firmly believes that it is not their business to develop applications specific to a particular industry or profession. Far better for a specialist company to develop the product in an area they are familiar with backed up by as much technical support as necessary from Lotus.

Lotus Authorised Consultants, of which there are over 80, are specialists in providing particular applications and methodologies and include some of the largest accounting firms in the UK. In addition, other specialists include firms from the computer graphics, distribution, manufacturing, publishing and scientific research industries. Lotus Authorised Training Centres provide a wide range of courses for novice and experienced users alike, using training materials specifically designed by Lotus training specialists.

But the Lotus Industry doesn't just consist of companies providing training and consultancy support. In The Lotus Buyers Guide, a directory of products and services for Lotus users recently published by CW Communications, a comprehensive list of companies providing 'add-in' software is given. In all there are over 100 3rd party software packages available for use with Lotus products.

The industry that has gathered around Lotus is at a size today that warrants the publication of a monthly magazine - Lotus - which is dedicated solely to what can be accomplished with Lotus software.

The size of the industry which has grown around Lotus products was demonstrated most graphically at Lotus World' 87, a show that attracted around 5000 visitors.

Lotus World is being repeated next year between 22nd and 24th March at the Kensington Town Hall Exhibition Centre in London. Lotus claim that next year the event will be 30% larger, in addition a more comprehensive seminar programme covering a wide range of topics from graphics to corporate finance.

The Lotus industry is growing rapidly - as is Lotus itself - which can only mean a better overall service for users of the company's product range.

FOREIGN EXCHANGES

Dollar hits record lows

THE DOLLAR fell to record lows against the Japanese yen, D-Mark and several other major currencies, as the foreign exchanges took a very bearish view of the US unit yesterday.

Speculation increased that the US Administration is prepared to let the dollar slide to further demands for greater cooperation from Japan and Europe in averting a major world recession.

The US is expected to use cuts in its budget deficit as an argument promoting faster economic growth in West Germany and an opening up of the Japanese market to foreign competition.

But the Reagan Administration may not be in any hurry to call a Group of Seven meeting to coordinate economic policy, waiting for the sliding dollar to increase the problems of exporting countries, and also for Congress to ratify the recently agreed budget cutting package.

Selling of the dollar was seen on a modest scale in the Far East, but built up in Europe, following weekend press comment about the aggressive attitude of the US towards its main trading partners.

In a volatile late trading session in Europe the dollar finished at a record closing low of DM1.6400, compared with DM1.6540 on Friday, but well above the day's trading low of DM1.6315.

It also closed at a record low of Y132.45, against Y133.65, after touching an all time trading low of Y131.90, and fell to a record SFr1.3450 from SFr1.3575 and to FFr5.58 from FFr5.6250.

On Bank of England figures the dollar's index fell to 94.4 from 95.4.

STERLING-Trading range against the dollar in 1987 is 1.8260 to 1.4710. October average 1.6620. Exchange rate index rose 0.4 to 76.4, compared with 72.7 six months ago.

Sterling rose to a 5½-year high against the dollar, but in general was on the sidelines, showing little movement against other major currencies.

The pound rose 1.60 cents to $1.8255-1.8265 and climbed to FFr10.19 from FFr10.1825. It was unchanged at DM2.9950, but eased to Y241.75 from Y242.00 and to SFr2.4550 from SFr2.4575.

D-MARK-Trading range against the dollar in 1987 is 1.9305 to 1.6400. October average 1.8011. Exchange rate index 152.2 against 146.6 six months ago.

Sentiment remained heavily against the dollar in Frankfurt, as the US currency hit a record low against the D-Mark. Dealers suggested that central bank intervention was futile, and that a cut in the West German discount rate would also fail to halt the slide of the dollar.

The US currency closed at DM1.6355 in Frankfurt, compared with DM1.6575 on Friday.

At the Frankfurt fixing the Bundesbank bought $44.9m when the dollar was set at a record low of DM1.6354, compared with DM1.6587 previously.

JAPANESE YEN-Trading range against the dollar in 1987 is 159.45 to 132.45. October average 143.27. Exchange rate index 231.0 against 221.9 six months ago.

The yen rose against the dollar, but trading was quiet, with dealers reluctant to provoke the Bank of Japan into heavy intervention. The US currency fell to a record trading low of Y132.35, before closing at Y132.45, compared with Y133.75 on Friday.

Speculative selling of the dollar encouraged some intervention by the Japanese central bank, but this was only modest, estimated at around $300m.

The market shrugged off remarks by Mr Kiichi Miyazawa, Japanese Finance Minister, that the major industrial nations will undertake concerted intervention to cope with currency instability.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Nov.30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1748	+1.69	+0.89	±1.5344
Danish Krone	7.85212	7.97232	+1.53	+0.73	±1.5404
German D-Mark	2.05853	2.06165	+0.15	-0.65	±1.0981
French Franc	6.90403	7.01905	+1.67	+0.87	±1.3674
Dutch Guilder	2.31943	2.32001	+0.03	-0.77	±1.5012
Irish Punt	0.768411	0.778169	+1.27	+0.47	±1.6684
Italian Lira	1483.58	1523.54	+2.69	+2.38	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

POUND SPOT- FORWARD AGAINST THE POUND

November 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8220-1.8340	1.8255-1.8265	0.15-0.12cpm	0.89	0.46-0.41pm	0.95

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

Nov.30	£	$
Korea(Sth)	1437.75-1450.75	793.20-799.60
Kuwait	0.50520-0.50570	0.27640-0.27650
Luxembourg	62.40-62.50	34.15-34.25
Malaysia	4.5470-4.5585	2.4840-2.4860
Mexico	4301.00-4395.00	2350.00-2360.00
N. Zealand	2.8225-2.8275	1.5410-1.5435
Saudi Ar.	6.8540-6.8600	3.7495-3.7505
Singapore	3.6995-3.7110	2.0190-2.0210
S. Af (Cm)	3.5475-3.5635	1.9455-1.9515
S. Af (Fn)	5.4980-5.6315	2.9850-3.0770
Taiwan	53.60-53.90	29.40-29.50
U.A.E.	6.7130-6.7190	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Gilts slightly firmer

PRICES FLUCTUATED quite sharply in Liffe yesterday but most of this was caused by a lack of volume. A weaker dollar and the absence of any clear idea about near term trends meant that the number of lots traded was well down from the average Monday. Proximity of Christmas also made some people feel less inclined to be aggressive.

Weakness of the dollar provided the chief talking point. Many speculators agreed that the current stance by the US Administration suggested that a further dollar decline was on the cards if for no other reason than presenting the least expensive method of staving off speculation before any agreement on the latest attempt to agree cuts in the US budget deficit.

The March long term gilt price opened at 121-30 for March delivery and rose to a high of 122-02 in the morning. However prices fell back in the afternoon in the absence of any follow through buying to finish at 121-14 although this was still up from 121-09 on Friday.

Three-month sterling deposits managed to hang on to some of the day's gains, helped by a slightly easier cash market and sterling's further improvement against the dollar. However official resistance to an early cut in base rates left many traders a little cautious and the price for December delivery finished at 91.25 compared with 91.20 on Friday.

US Treasury bonds finished up from opening levels but were still down from Friday. The December price opened at 86-21 and closed at 86-27 down from 87-15. Opening quotations were marked lower as traders were greeted with a weaker dollar in the morning. In addition the prospect of higher inflation and a free falling dollar raised the possibility of higher US interest rates at some point.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-Last Mar	Calls-Last Jun	Puts-Last Mar	Puts-Last Jun
116	6.09	6.61	0.45	1.49
118	4.41	5.41	1.13	2.29
120	3.24	4.32	1.60	3.20
122	2.18	3.33	2.54	4.21
124	1.32	2.44	4.04	5.32
126	0.57	2.01	5.29	6.53
128	0.36	1.31	7.08	8.19
130	0.22	1.04	8.58	9.56

Estimated volume total, Calls 1687 Puts 372
Previous day's open int: Calls 17740 Puts 10198

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-Last Mar	Calls-Last Jun	Puts-Last Mar	Puts-Last Jun
82	5.08	5.05	1.12	1.61
84	3.53	3.58	1.57	2.50
86	2.43	2.60	2.47	3.52
88	1.45	2.09	3.49	5.01
90	1.03	1.34	5.07	6.26
92	0.40	1.04	6.44	7.60
94	0.24	0.46	8.28	9.38
96	0.13	—	10.17	—

Estimated volume total, Calls 40 Puts 297
Previous day's open int: Calls 735 Puts 406

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last Dec	Calls-Last Jan	Puts-Last Dec	Puts-Last Jan
18000	0.38	2.35	23.38	22.08
18250	0.27	—	25.77	—
18500	0.18	1.60	28.18	26.35
18750	0.12	—	30.62	—
19000	0.08	1.07	33.08	30.82
19250	0.05	—	35.55	—
19500	0.03	0.70	38.03	35.45
19750	0.02	—	40.52	—

Estimated volume total, Calls 0 Puts 1
Previous day's open int: Calls 49 Puts 132

LIFFE £/$ OPTIONS

LIFFE $£ OPTIONS

PHILADELPHIA SE £/$ OPTIONS

LIFFE- EURODOLLAR OPTIONS

LONDON

CHICAGO

SWISS FRANC (IMM)

SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Dec	0.7472	0.7478	0.7458	0.7406
Mar	0.7544	0.7553	0.7532	0.7476
Jun	0.7630	0.7630	0.7615	0.7546
Sep	0.7700	0.7700	0.7700	0.7630
Dec	0	0	0	0.7700

STANDARD & POORS 500 INDEX

$500 times index

	Latest	High	Low	Prev.
Dec	0	0	0	237.00
Mar	0	0	0	238.05
Jun	0	0	0	238.80
Sep	0	0	0	240.60

CURRENCY FUTURES

MONEY MARKETS

Renewed push for cut in base rates

INTEREST RATES were marginally lower yesterday, reflecting a stronger pound and renewed weakness in equity markets. There would probably have been a greater fall had not the market been influenced by recent comments by Mr Nigel Lawson, the Chancellor, suggesting that a cut in rates at the moment would be inappropriate.

UK clearing bank base lending rate 9 per cent from November 5

However the strength of sterling against a weak dollar and the Bank's determination to keep the pound below DM3.00 led some traders to suggest that continued upward pressure on sterling could make an early cut in base rates more likely.

Three-month interbank money was quoted at 9-8⅞ p.c. down from 9⅛-8⅝ p.c. Overnight money opened at 9½-9 p.c. and traded down to a low of 8½ p.c. before coming back to 10¼ p.c.

The Bank of England forecast a shortage of around £1,100m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £937m and the unwinding of previous sale and repurchase agreements a further £784m. In addition banks brought forward balances £20m below target. These were partly offset by Exchequer transactions which added £230m and a fall in the note circulation of £410m.

To help alleviate the shortage, the Bank offered an early round of assistance which totaled £401m and comprised sale and repurchase agreements at 8[15/16] p.c., unwinding on December 17.

Further help in the morning involved additional sale and repurchase agreements of £630m of bills at 8[15/16] p.c., unwinding on December 17. Additional help in the afternoon came to £45m and comprised outright purchases of eligible bank bills in band 1 at 8⅞ p.c. Late help came to £25m, making a total of £1,101m.

In Frankfurt short term liquidity was in short supply as pension payments and Treasury bill sales took funds out of the system. However commercial banks appeared to be reasonably on line to meet end of month minimum reserve requirements with the Bundesbank.

Traders were unsure about whether the authorities would act to cut interest rates at Thursday's meeting of the Bundesbank's central committee.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on Monday, November 23, 1987. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on US dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.42
Albania	Lek	10.2778
Algeria	Dinar	8.55
Andorra	French Franc / Spanish Peseta	10.19 / 201.995
Angola	Kwanza	53.79
Antigua	E. Caribbean$	4.95
Argentina	Austral	8.1205
Aruba	Florin	3.222
Gibraltar	Gibraltar £	1.00
Greece	Drachma	236.83
Greenland	Danish Krone	11.5625
Grenada	E. Caribbean $	4.95
Guadaloupe	Local Franc	10.19
Guam	U.S. $	1.8260
Guatemala	Quetzal	1.8260 / (104.7070
Guinea	Franc	609.11
Paraguay	Guarani	572.84 / 1693.18
Peru	Inti	exc(o)40.21 / 44.68 / 62.55 / 72.39
Philippines	Peso	36.50

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 88 Vol	Feb. 88 Last	May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Stock
GOLD C	$ 460	238	44	-	-	-	-	$ 492.8
GOLD C	$ 480	212	33	-	-	-	-	"
GOLD C	$ 500	644	21.50	39	33	21	42	"
GOLD C	$ 520	312	14	78	26	123	32.50	"
GOLD C	$ 540	220	8	34	18.50 A	-	-	"
GOLD P	$ 420	55	2	-	-	117	6	"
GOLD P	$ 440	70	3.50	-	-	-	-	"
GOLD P	$ 460	115	5.50	-	-	-	-	"
GOLD P	$ 480	169	10.50	100	17.50	-	-	"
GOLD P	$ 500	169	19	100	22.50	55	24.50	"
		Dec. 87		Mch. 88		Jan. 88		
SILVER C	$ 800	65	10	23	40	-	-	$ 718
		Dec. 87		Jan. 88		Feb. 88		
EOE INDEX C	Fl.160	54	7	20	13	-	-	Fl. 159.26
EOE INDEX C	Fl.165	86	4.70	-	-	-	-	"
EOE INDEX C	Fl.170	103	3	-	-	-	-	"
EOE INDEX C	Fl.175	61	2.20	-	-	-	-	"
EOE INDEX C	Fl.180	572	1.70	82	4.50	-	-	"
EOE INDEX C	Fl.185	85	1.20 B	25	3.20	-	-	"
EOE INDEX C	Fl.190	294	0.80	-	-	-	-	"
EOE INDEX C	Fl.215	-	-	50	0.80	-	-	"
EOE INDEX C	Fl.220	-	-	67	0.60	-	-	"
EOE INDEX P	Fl.155	377	8.30	94	13.50	-	-	"
EOE INDEX P	Fl.160	105	10.50	44	15	-	-	"
EOE INDEX P	Fl.165	132	13	74	18	27	21	"
EOE INDEX P	Fl.170	251	16.80	72	21.50	-	-	"
EOE INDEX P	Fl.185	39	25.50	150	29 B	-	-	"
EOE INDEX P	Fl.255	38	95	55	97	-	-	"
£/FL. C	Fl.335	261	1.50	-	-	-	-	Fl. 337.05
$/FL. C	Fl.180	-	-	-	-	50	6.70	Fl. 184.05
$/FL. C	Fl.185	330	1.80	215	2.80	21	3.40	"
$/FL. C	Fl.195	61	0.50	-	-	-	-	"
$/FL. C	Fl.200	56	0.10	-	-	-	-	"
$/FL. P	Fl.180	119	1.10	242	2.70	-	-	"
$/FL. P	Fl.185	711	3	258	4.50	-	-	"
$/FL. P	Fl.190	282	6.30	53	7.50	-	-	"
$/FL. P	Fl.200	113	15.50	-	-	-	-	"
		Jan. 88		Apr. 88		Jul. 88		
ABN C	Fl.46	469	0.40	63	1.20	-	-	Fl. 38.30
ABN P	Fl.46	379	7.50	6	7.90	-	-	"
AKZO C	Fl.90	300	3.20	40	7.40	-	-	Fl. 82
AKZO P	Fl.80	227	5.10	40	8.60	-	-	"
AMEV C	Fl.35	51	3.50	-	-	-	-	Fl. 34.80
AMRO C	Fl.65	4	1 A	54	2.30	-	-	Fl. 55.10
AMRO P	Fl.55	136	2.50	10	4	6	5	"
ELSEVIER C	Fl.35	75	2.80	5	5	26	6.80	Fl. 34
ELSEVIER P	Fl.30	63	1.80	1	3 B	-	-	"
HEINEKEN C	Fl.160	59	0.70	5	2.50	2	4	Fl. 112.7
HEINEKEN P	Fl.120	76	13	2	14	-	-	"
KLM C	Fl.25	105	2.90 A	-	-	3	5.50	Fl. 25.50
KLM P	Fl.27.50	169	3.30	3	4	54	5	"
NEDLLOYD P	Fl.100	52	5.80	-	-	-	-	Fl. 104.7
NAT. NED. C	Fl.50	16	1.50	8	3.50	66	4 A	Fl. 46.10
NAT. NED. P	Fl.50	109	5.20	8	6 B	-	-	"
PHILIPS C	Fl.50	494	0.10	-	-	-	-	Fl. 28.40
PHILIPS P	Fl.30	548	3.60	26	5.10	49	6	"
ROYAL DUTCH C	Fl.230	369	1.10	51	4.20	1	7.50	Fl. 194.6
ROYAL DUTCH P	Fl.190	429	6.70	30	11	35	13.50	"
ROBECO P	Fl.75	11	3.70	70	6.50	-	-	Fl. 79.80
UNILEVER C	Fl.108	204	3.30	-	-	-	-	Fl. 98.80
UNILEVER P	Fl.112	206	15	-	-	-	-	"

TOTAL VOLUME IN CONTRACTS: 38,324

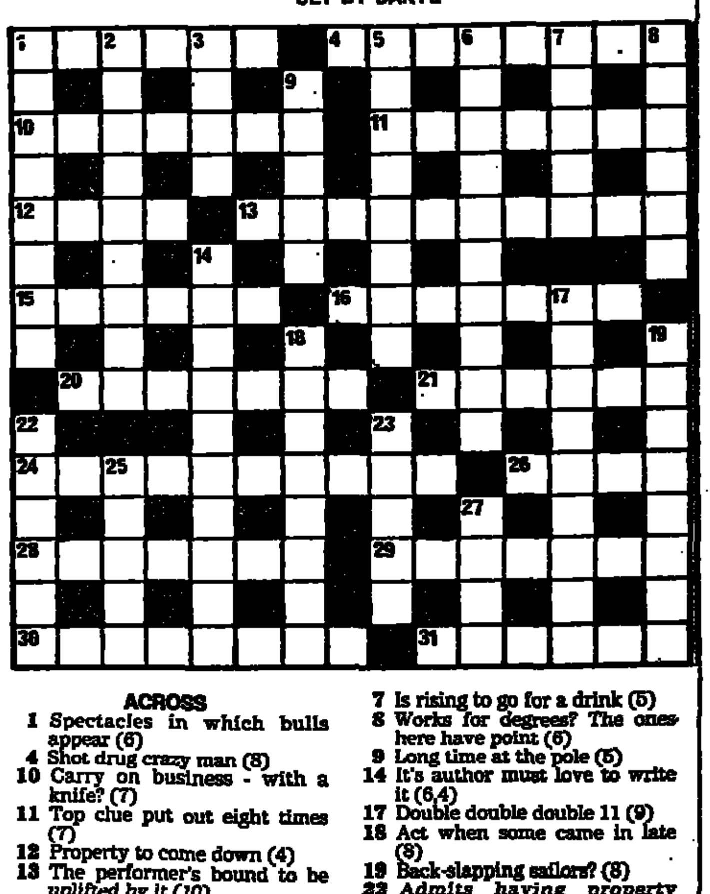
A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm.Bk.N.East	9	PK Finans. Intl(UK)	9½
American Exp.Bk	9	Consolidated Cred	9	Provincial Trust Ltd	10½
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9	Cyprus Popular Bk	9	Roxburghe G'rantee	10½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	10	Equat'l Tst C'n plc	9	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd	9½	Smith & Williams Secs.	9
Banco de Bilbao	9	Financial & Gen. Sec	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp.	10½	TSB	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd.	10½	UDT Mortgage Exp	♦11.1
Bank Credit & Comm	9	● Robert Fleming & Co.	9	United Bk of Kuwait	9
Bank of Cyprus	9	Robert Fraser & Ptnrs.	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust Plc	9
Bank of India	9	Grindlays Bank	9	Western Trust	9
Bank of Scotland	9	● Guinness Mahon	9	Westpac Bank Corp.	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	● Hambros Bank	9	Yorkshire Bank	9
Benchmark Tst Ltd	9	Heritable & Gen Inv Bk	9		
Beneficial Trust Ltd	10	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co.	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Central Capital	9	● Morgan Grenfell	9		
Cayzer Ltd	9	Mount Credit Cpn Ltd	9		

● Members of the Accepting Houses Committee. * 7 day deposits 4%. Savewise 6.66%. Top Tier-£2,500+ at 3 months' notice 8.31%. At call when £10,000+ remains deposited. ♦ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.125%

FT CROSSWORD No.6,496
SET BY DANTE



ACROSS

1 Spectacles in which bulls appear (6)
4 Shot drug crazy man (8)
10 Carry on business - with a knife? (7)
11 Top clue put out eight times (7)
12 Property to come down (4)
13 The performer's bound to be uplifted by it (10)
15 Movable sight screen (3-3)
16 Adverts may make you really hungry (7)
20 A model workplace (7)
21 Darwin's crafty dog (6)
24 An armed timing device? (5-5)
26 Move with a little spooning (4)
28 Is stout perhaps, so doesn't dance (4,3)
29 Stumble on crude oil and acquire foreign capital (7)
30 It may make a girl light-headed (8)
31 Big racial issue? (6)

DOWN

1 Mrs Loude coming to do some charring (8)
2 Judo enthusiast about town? (5,4)
3 Once popular means of riding a rising market (4)
5 You have to put up with him (4,4)
6 It's no longer of use when threadbare (6,4)
7 Is rising to go for a drink (5)
8 Works for degrees? The ones here have point (6)
9 Long time at the pole (5)
14 It's author must love to write it (6,4)
17 Double double double 11 (9)
18 Act when some came in late (8)
19 Back-slapping sailors? (8)
22 Admits having property increasing in price (4,2)
23 A rather attractive sort of accent (5)
25 Send down under (5)
27 Furs, we hear, for a saucy girl (4)

Solution to Puzzle No.6,495

AUSTIN PLUMBAGO
C E S O A V R
RANDOM OBEDIENT
O T M A E R R O
NOISETTE TINSEL
Y E R E C G A
MIND ALLOCATION
C I I U L S
GREENHEART VOTE
U T R A C L X
ELATED IGNORANT
R I R M E G T R
DISINTER CERISE
O L A S N O M
NEEDLESS STANCE

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
Abbey Unit Tst. Mngrs. (a)				
80 Holdenhurst Rd, Bournemouth 0345 717373				
High Income				
American Income	39.2	41.6	-0.3	6.25
Gilts & Fixed Int.	113.2	121.7xd	-2.8	9.86
High Inc Equity	104.6	111.2	-2.7	5.26
Worldwide Bond	183.7	196.8xd	-0.3	4.93
Capital Growth				
American Growth	122.1	129.8	-3.3	1.80
Asian Pacific	52.7	56.0	-1.7	1.75
Assets & Earnings Tst	121.2	128.9	-4.1	1.82
Capital Reserve	74.5	77.1	+0.2	1.31
Commodity & Energy	104.1	110.7	+3.7	0.00
European Capital	64.7	68.8	-0.1	1.09
General	133.5	142.0	-4.6	3.17
Japan	76.4	81.2	-2.3	0.00
Mastertrust	64.3	68.3	-1.1	4.35
UK Growth Acc Units	165.9	176.4	-4.4	1.28
UK Growth Dist	113.7	120.9	-3.1	1.87
U.S. Emerging Co's	34.4	36.5	-0.8	0.00
Income & Growth	212.1	225.6	-7.0	3.99
Ethical Growth	36.1	38.3	-0.7	3.26
Abtrust Management Ltd				
10 Queens Terrace, Aberdeen AB9 1QJ 0224 633070				
Abtrust UK Growth Fd	26.5	28.2	-1.0	2.96
Abtrust Nth Am Inc (z)	21.2	22.6	-0.1	3.90
Abtrust World Gen Fd	33.1	35.2xd	-1.0	1.06
Abtrust Extra Inc Fd	34.1	36.2	-1.0	6.35
AEtna Unit Trusts Ltd (a)(b)(c)				
401 St John St, London EC1V 4QE 01-837 6494				
European Growth	99.8	106.3	-	1.20

Scimitar Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ 01-588 6973/4/5

Scimitar Global Gth Acc	[illegible]	28.3	—	—
Do. Income	26.4	28.1	—	0.19
Scimitar European Acc	20.7	22.1	—	—
Do. Income	20.6	22.0	—	0.11
Scimitar UK Eq Inc Acc	32.9	34.7	—	—
Do. Income	31.5	33.2	—	5.77
UK Cap Gth Acc	22.2	23.4	—	0.75
Scimitar Pac Basin Acc	25.5	27.2	—	—
Scimitar Mangd Exempt*	132.2	137.8	—	—

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-558 1051

Insd Income Units	122.2	130.0	—	2.94
Insd Accum Units	187.0	198.9	—	2.94
UK General Acc	32.4	34.7	-1.3	3.11
UK General Inc	31.2	33.4	-1.3	3.11
American	25.2	26.8	-0.4	0.64
European	34.4	36.8	-0.1	0.94
Japan	48.7	52.1xd	-1.2	—
Technology	31.1	33.3	-0.7	1.42
Performance Trusts				
Far East Perf Tst	15.1	16.2	—	0.64
High Inc Perf Tst Inc	20.8	22.2xd	-0.6	5.37
High Inc Perf Tst Acc	21.1	22.4xd	-0.6	5.37
Worldwide Tec Perf Tst	24.0	25.7	-0.6	—

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK Equity)	180.8	193.4	-7.8	3.30
Columbus (America)	113.2	121.1	-2.4	1.42
Marco Polo (Pacific)	180.3	193.1	-3.3	0.63
Da Vinci (European)	209.4	224.0	-0.6	1.75
Drake	46.3	49.6	-0.5	2.38

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	171.8	182.8	-6.1	3.51
UK Smllr. Cos. Equity	175.7	187.0	-3.1	2.52
UK Special Situations	—	—	—	—
Income Plus	—	—	—	—
European	134.7	144.6	-1.9	2.41
Far Eastern	46.5	49.8	-0.9	4.65
Japanese T	46.4	49.4	-1.5	0.18
North American	103.0	109.6	-2.5	1.92

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-606 4355

TUUT Nov 2 87	196.2	206.4	—	3.07

Trident Fd Mngrs. Ltd.
Royal Lndn. Hse. Colchester CO1 1RA 0206-764400

Trident General	124.4	133.8xd	—	1.83

Tyndall Unit Trust Managers Limited
25 Bucklersbury, London EC4N 248 5999

Convertible & Gilt	56.9	60.3	—	6.09
Accum Units	56.9	60.3	—	6.09
Income	71.7	76.0xd	—	5.73
Accum Units	71.7	76.0	—	5.73
Smaller Co's	80.3	85.5	—	1.76
Accum Units	80.3	85.5	—	1.76
UK Growth	83.5	88.5	—	1.51
Accum Units	83.5	88.5	—	1.51

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 60033

British Growth Fd	46.9	49.0	-1.0	1.50

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave, London, EC2R 7PA 01-588 6064

Friars Hse Cap Fd	157.3	167.3	—	—
Friars Hse Inc Fd	138.9	146.2	—	—

United Charities Unit Trusts (a)(c)(g)
Unicorn Hse, 252 Romford Rd, EC. 01-534 5544

United Charities	145.7	155.0xd	-0.2	4.96

Vanguard Trust Managers Ltd
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Line: 01-236 2468

Abingdon Safe Assets	149.3	158.8	—	—
(Accum Units)	152.2	161.9	—	—
Far East & Gen	47.0	50.0	—	1.04
(Accum Units)	47.0	50.0	—	—
Master Portfolio	61.661	63.242xd	—	3.38
(Accum Units)	63.098	64.716	—	—
Australia & Gen	51.5	54.8	—	2.11
(Accum Units)	52.2	55.5	—	—

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

Life Assurance Funds				
Wealth Assoc.	354.2	372.9	—	–
Ebr Ph. Eq.	304.1	323.2	—	–
Pension Plan Funds				
Phoenix				
UK Equity Acc.	143.4	150.9	-4.9	–
International Acc.	113.2	119.1	-2.7	–
Property Acc.	120.1	126.4	—	–
Fixed Interest Acc.	151.6	159.5	+1.1	–
Money Acc.	130.3	137.3	+0.1	–
Bldg. Soc. Link Acc.	130.9	139.2	+0.1	–
Special Mngd. Acc.0	132.3	139.2	-2.7	–
Phoenix/Framlington				
Incol. Growth Acc.	75.0	78.9	-0.3	–
Amer. & Gen. Acc.	69.5	73.1	-0.4	–
Capital Tst. Acc.	157.7	166.0	-0.2	–
Japan & Gen Acc.	157.6	165.8	+0.3	–
American Turn. Acc.	68.5	72.1	-0.5	–
Recovery Tst. Acc.	146.0	153.6	-0.3	–
Special Mngd Acc.	126.9	133.5	-0.2	–
Phoenix/GT				
International Acc.	112.4	118.3	-0.6	–
US & General Acc.	81.3	85.5	—	–
Amer Spec Sits Acc.	54.8	57.6	-0.2	–
Japan & General Acc.	146.0	155.7	-0.7	–
Far East & Gen. Acc.	127.6	134.3	+0.7	–
UK Capital Acc.	145.9	153.5	+0.2	–
European Acc.	124.6	131.1	-1.2	–
Special Mngd. Acc.	112.5	118.4	-0.1	–

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd. N. Waterloo, Liverpool 051-928 6655

Managed Fund	254.6	268.1	—	–
Exe Pens Inc & Cap Fds	323.2	340.3	—	–
Money Fund	110.1	115.9	—	–
Pens. Mngd Fd (Init)	77.6	81.7	—	–
Pens Mngd Fd (Acc)	85.8	90.4	—	–
Pens FT30 Fd (Init)	120.7	127.1	—	–
Pens FT30 Fd (Acc)	133.6	140.7	—	–
Pens O'seas MgFd(Init)	49.6	52.3	—	–
Pens O'seas MgFd(Acc)	54.9	57.8	—	–
Pens Fxd Int Fd (Init)	106.4	112.0	—	–
Pens Fxd Int Fd (Acc)	117.8	124.0	—	–
Pens Deposit Fd (Init)	100.2	105.5	—	–
Pens Deposit Fd (Acc)	110.9	116.8	—	–

Premium Life Assurance Co Ltd
Eastchester House, Haywards Heath 0444 458721

American	76.0	80.0	-3.0	–
Banking Sec. Fd.	156.0	165.0	—	–

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS — Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS – Contd

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
43¾	26	RJR Nabisco Inc	26⅛	–1	$1.60	–	3.5
39	21½	Rep NY Corpn $5	23¼	–1	$1.16	–	2.9
18¾	8¾	Rockwell Intl. $1	9½	+¼	66c	–	3.9
30⅞	16¼	Sara Lee $1(1·3)	18⅛xd	–1	$1.00	–	3.2
11⅞	8⅞	Saul (B. F.) $1	8½	–¼	20c	–	1.3
27¼	21¼	Southwestern Bell $1	19¾	–½	$2.32	–	6.9
22¼	10⅛	Staley Continental	10⅛	–⅜	80c	–	4.5
44⅞	21⅝	Sun Co. Inc. $1	27¼	–1	$3.00	–	6.3
42¼	22¼	TRW Inc. $0.625	23⅞xd	+⅛	$1.60	–	3.8
37¼	22⅝	Tenneco $5	23xd	–½	$3.04	–	7.6
220	149⅞	Do 10pcLn.Stk. 91–5	155xd		10%	–	14.7
29⅝	15⅞	Texaco $6.25	18¼xd	+1½	$3.00	–	9.5
74⅞	42⅝	Time Inc. $1	42⅝xd	–¼	$1.00	–	1.4
29⅜	11	Tracor $0.33(1/3)	17¾xd		40c	–	1.3
30⅜	15⅞	Transamerica $1	17⅝xd	–⅛	$1.84	–	5.9
14¾	1¼	Transworld Corp $5	691p	–33	20c	–	1.7
27¼	12¼	TRINOVA Corp	15½	–⅜	56c	–	2.1
24⅞	12⅝	USX $1	15⅞	–½	$1.20	–	4.3
19⅝	10⅞	Union Carbide $1	11xd	–¼	$1.50	–	7.8
37⅞	17¼	Utd. Technologies	18⅞xd	–⅜	$1.40	–	4.3
38⅝	26¼	US West	27¼	–½	$3.28	–	6.9
30⅞	17⅛	Waste Management $1	18⅛	–¼	–	–	–
31⅞	13¼	Whirlpool $1.0	15⅛	–¼	–	–	–
37⅛	18¼	Woolworth $3½	22¼	–¼	$1.32	–	4.0

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
691p	227p	ABM Gold Corp	313p	+22	–	–	–
26¾p	10p	Abbot Energy Corp	23p	–½	–	–	–
18⅛	506p	Amer. Barrick Res	12⅛	+½	–	–	–
141p	6p	American Lightwave	6½p	–1	–	–	–
122p	33p	Arbeno	41½p	+1½	–	–	–
117p	39½p	Augustto Explo	50p	+4	–	–	–
19⅜	10¼	Bk. Montreal	10¼xd	–⅛	$2.00	–	8.1
100⅞	500p	Bk. Nova Scot.	518p	–14	72c	–	6.1
20⅝	15⅝	BCE	15⅛	–⅜	$2.40	–	6.9
10¼	511p	Bow Valley	555p	–4	40c	–	3.2
20	10¼	Brascan	11¼	–⅛	88c	–	3.4
609p	197p	Breakwater Res	225p	–4	10c	–	1.9

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LONDON SHARE SERVICE

INSURANCES – Contd

LEISURE

MOTORS, AIRCRAFT TRADES

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING – Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES – Contd

TOBACCOS

TRUSTS, FINANCE, LAND

TRUSTS, FINANCE, LAND – Contd

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

MINES

MINES – Contd

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

TRADITIONAL OPTIONS

3-month call rates

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Oct 26	Nov 5	Nov 6	Nov 16
Nov 9	Nov 19	Nov 20	Nov 30
Nov 23	Dec 3	Dec 4	Dec 14

*New time dealings may take place from 9.00am two business days earlier.

Falling dollar triggers heavy setback in ordinary shares but Gilts move higher

THE RENEWED slide in the dollar, already reflected by a heavy setback in the Tokyo securities market before London opened, gave UK equities their worst day since those suffered during the week of Black Monday. A plunge of more than 80 FT-SE points at worst drove the market down through the 1600 level regarded as a significant testing barrier. Once again, the distress in equities sent investors into the Gilt-edged market.

But, as so often since Big Bang, the falls in share prices greatly overstated the selling pressure, and it was the marketmakers, rather than the investment fund managers, who were pushing prices downwards.

Selling of equities was relatively light, and turnover levels little higher than for the past two weeks. The UK stock market managed a modest rally in late afternoon, despite the hefty setback suffered in early trading in New York. At the close, the FT-SE 100 Index was a net 71.7 down at 1579.9British Government bonds gave back a part of their early gains. The Footsie ended barely 14 points above the low of the post-Black Monday shakeout, although it has traded as low as 1515 during the erratic conditions of recent weeks.

There was no doubting the damage done to equity confidence by the renewed setback in the US currency, which raised fears in London that Washington was "apparently resigned", to quote one market analyst, to further declines in the dollar.

With the pound pushing its way *above $1.83*, there were heavy losses in **ICI**,**Jaguar**, **Glaxo** and other blue chip exporting companies.

Moreover, other important sectors of the market were faced with significantly bearish factors. Oil shares turned lower as industry analysts turned their attention to prospects for next month's meeting of the Opec nations. And reports that the Latin American debtor nations will try to reduce sharply their interest payments hurt the shares of those UK banks with heavy exposure to these countries. *Gold shares rose sharply* at first as bullion prices respnded to the dollar's fall, but gains were not held.

It was the combination of these factors with the fall in the dollar which suggested that the industrial nations are still a long way from solving the economic problems which first hit world stock markets on Black Monday, October 19.

London took little comfort from the conventional argument that the slide in equities may well prompt another cut in UK base rates. With the possibility of a cut this week in the German discount rate also well projected in the global marketplace, only a convincing accord on currencies seems likely to satisfy investors.

Also upsetting London were the signs of the long-feared slide in the Tokyo stock market, signposted by the fall in the recently-issued Nippon Telegraph & Telephone shares to below the issue price.

Government bonds flicked higher as the "flight to quality" argument resurfaced. However, with analysts taking the view that any further cut in UK base rates will be postponed until there is global accord on currencies, buying support for Gilts was muted.

Early gains of ⅜ at the longer end were trimmed by the close when the sector was some ⅛ to ¼ up on Friday's close. Sentiment was very firm, boosted by the pound's renewed strength. Some retail interest was seen, both on the buy and sell side of the ledgers. **Consolidated Gold Fields** shares spiralled upwards, closing 67 up at 910p, as investors chased the stock in the wake of the buoyant gold price, the consequent rise in value of Cons-Gold's stake in Newmont Mining and also in the South African gold mining industry.

The rest of the South African gold share sector also raced up during the first half of the session, mirroring the rise in bullion prices. Institutions in London, New York and Johannesburg were all reported to be substantial buyers, as the dollar continued its recent decline.

The best levels were not held, however, and some share prices ended with minor losses as bullion prices topped off late in the session, and some persistent selling was seen from New York.

MK Electric shares soared 68 to 657p after the second "dawn raid" in two weeks. Agency broker James Capel, acting on behalf of French group Legrand, moved in early to bid 650p a share for up to 4.5m MK shares and were thought to have acquired around 1.5m shares, thereby upping their stake to around 6 per cent.

But MK shares quickly moved above the 650p bid by Capels - and well out of reach of the 550p a share cash offer from RTZ launched last week and accompanied by a "dawn raid" on RTZ's behalf by BZW and Hoare Govett. **RTZ**, looking at a £5m-plus profit on MK shares, rose 2 to 330p.

GEC drifted back to close 6 off at 163p on a disappointing turnover of only 3.2m shares ahead of today's interim results. Analysts' profits forecasts range from around £265m up to £330m - *BZW and County NatWest go for £295m pre-tax, Morgan Grenfell for £317m and Wood Mackenzie for £305m*.

Analysts will be looking for positive news on at least three fronts; dividend growth, compensation from the government for the cancellation of the Nimrod system and whether GEC will move to buy in its own shares.

Worries that South American debt-laden countries may form a cartel to pressure Western banks into reducing interest charges triggered a general retreat by bank shares and especially those with heavy exposure to South American sovereign debt.

Lloyds Bank, with the widest exposure to South American debts, dropped 23 to 225p, while **Midland** fell 15 to 358p, **Barclays** 25 to 433p and **NatWest** 30 to 518p.

"Turnover has been reasonable but generally in one direction" said a leading dealer in bank shares.

Life assurances included a good performer in **Pearl Assurance** which held at 345p with dealers again looking for signs of stake-building.

Third Market newcomer **Video Tape Recording**, which provides post-production facilities for the advertising, music and tv industry, made a satisfactory debut given the gloomy market conditions, the price holding steady at the placing price of 85p. Media recruitment group **Pathfinders** also fared well on its USM debut, the shares opening at 20p and closing at 19½p compared with a placing price of 18p.

Although labelled by many anlaysts as good defensive stocks in the current uncertain market conditions, the Brewery leaders all sustained double-figure losses. Awaiting today's interim results - profits of around £190m are expected - **Allied-Lyons** dipped 9 to 325p, while **Guinness** dropped 11 to 247p and **Whitbread** "A" 9 to 271p. **Bass**, which is due to report its preliminary statement on Thursday, came back 31 to 780p. Regional issues suffered a similar fate with one exception. **Mansfield** were supported by news of a trading agreement with Courage, designed to capitalise on the respective strengths of the Foster's lager brand and Mansfield's pub retailing expertise. The deal involves the introduction of Foster's draught lager alongside Mansfield's own regional brand into pubs and free trade accounts, while the former will lease to the latter a number of houses in the North on normal tenancy terms. Mansfield's shares closed slightly harder at 468p. Elsewhere, **Irish Distillers** eased 5 to 170p, after 180p, following the sale of part of its interest in Edward Dillon, the republic's leading wine and spirits importer, for just over £1m. ID will retain management control of Edward Dillon.

Building issues were weak, sentiment not helped by the possible *implications* of an ECC directive expected shortly on the imposition of VAT on new housing which, if given the go-ahead, could have repercussions for suppliers to the building trade as well as housebuilders.

An initial mark-down followed by fairly persistent selling, even at the lower levels left the leaders with double-figure losses, **Blue Circle** falling 17 to 302p and **Tarmac** losing 20 to 195p. **BPB Industries**, still overshadowed by fears of increased competition in the plasterboard industry, gave up 19 at 218p. **Anglia Secure Homes** reacted in front on tomorrow's annual results and settled 35 lower at 285p. **Caradon** shed 2 to 227p following the interim figures.

ICI came under selling pressure along with other international issues due to the latest decline in the US dollar and settled 44½ lower at 968p. **Allied Colloids** lost 7 to 95p ahead of today's half-year figures.

Further television and newspaper speculation of sluggish retail sales as Christmas approaches proved especially damaging to **Dixons** which dropped 12 more to 195p. Other store issues were marked down at the outset of business and thereafter moved in a narrow range with buying interest said to have been negligible. ***Marks and Spencer***, a major casualty in the sector in the past couple of weeks lost a further 9 to 168p.

Storehouse, said to be negotiating the purchase for around £10m of the Blazers chain of mens retailers, eased 7 to 243p. **Ratners** dropped 19 to 219p, **Burton Group** 14 to 225p and **Next** 14 to 237p. **Woolworths** were badly hit by Press comment, and the shares retreated 19 to 249p.

Property sales failed to sustain **Ward White**, 8 off at 304p, while the steep decline in the *dollar upset* **Coats Viyella**, 18½ off at 219p. **Alexon** were 5 off at 290p despite better than expected interim profits of £4.23m against £2.82m and forecasts of some £3.8m.

British Telecom dipped 3 to 211p on a turnover of 6m with sentiment disturbed by Nippon Telegraph and Telephone's *share* price in Tokyo slipping below the recent issue price.

Amstrad were upset by *stories of slow sales* at electricals and electronics retailer Dixons and Amstrad *shares slipped* 7 to 107p.

A drab Engineering backcloth was initially relieved by **VSEL Consortium.** The group reported increased first-half profits and a strong order book situation, which saw the shares rise to 480p before they succumbed to the surrounding weakness and closed a net 20 easier at *440p. The long list of* falls was otherwise headed by **Hawker Siddeley**, down 29 at 397p, **GKN**, 20 lower at 252p, and **TI** which fell 19 to 248p. Other issues retreated as last week's interest based on speculative bid hopes faded. **Birmid Qualcast** slipped 8 to 242p but heavier losses were marked against **Glynwed International**, 15 off at 394p, and **Delta**, 10 cheaper at 212p. **Simon** gave up 12 at 198p and **Powerscreen International** 20 at 100p.

Foods moved lower in line with the *overall* trend. ***Tate and Lyle***, a firm market on Friday reflecting demand ahead of Thursday's annual results, turned back sharply to close 51 lower at 650p. **United Biscuits** were a weak market at *220p*, down 17, and **Dalgety** shed 23 to 257p. Confectionery issues held up relatively well, **Cadbury Schweppes** were only a penny cheaper at 228p, while **Rowntree** settled 8 off at 397p. **Hillsdown** dipped 21 to 224p, while recent takeover *favourite* **Fitch Lovell** relinquished 17 at 258p. Increased half-year profits failed to sustain **Freshbake** which shed 15 to 88p. Among Retailers, **J. Sainsbury** finally succumbed to the overall malaise and closed 14 down at 209p. **ASDA-MFI** were 9 off at 155p, while **Argyll**, ahead of tomorrow's half-year figures, eased 5 to 173p.

Leading Hotels, all major dollar earners, suffered badly. **Grand Metropolitan** gave up 27 at 375p, **Ladbroke** shed 21 to 287p, and **Trusthouse Forte** lost 15 at 183p.

The *implications* of a weak dollar cut deeply into major overseas earners such as **Glaxo**, finally 52 down at 985p and **Fisons**, which settled 18 off at 221p. Fisons' weakness was compounded by reports that Glaxo has been awarded a UK licence for its anti-asthma drug Volmax, an area of the UK drugs market where Fisons has consistently performed well. Also in overseas earners, **Reuters** dipped 36 to 393p and **Wellcome** shed 19 to 373p. **Hanson Trust**, annual results due on Thursday, gave up 8 at 121p. **British Aerospace** were unsettled by reports that the company may lose a major contract and fell 17 to 283p, while **British Airways** shed 10 to 132p. **Trafalgar House** lost 12 to 303p ahead of today's preliminary results, while **Johnson Matthey**, half-timer due on Thursday, fell 7 to 216p. **Pearson**, the subject of speculative buying last week, came back 27 to 638p.

Charter Consolidated rose 21 to 296p reflecting a firm Gold mining market. **Ecobric** were up 30 at 73p in a restricted market following newsletter comment. **Bridon**, in which Carclo recently revealed a 5 per cent stake, eased 8 to 127p.

Increasing concern over the US dollar put **Jaguar** under fresh pressure. A claim that most of the group's exposure to the dollar was covered for the next twelve months made little difference and the shares ended 23 down at 270p. **Lucas Industries** also backtracked to close 16 lower at 478p while **Dowty** shed 10 to 145p.

Bunzl *plumbed a new low to* touch 137p before settling a net 17 off at 139p. Newspapers weakened, too, with **Associated** closing 15 cheaper at 393p. Further recommendations for Advertising Agencies went unheeded and the majority lost ground. Ahead *of tomorrow's preliminary statement*, **Saatchi & Saatchi** retreated 11 to 373p.

Marketmakers called leading Property shares lower at the outset and, in the absence of buyers, prices drifted down further. Quotations therefore closed at the day's lowest with **Land Securities** some 27 points down at 413p; 2.5m shares were traded, included a block of 1m shares at 420p.**MEPC** fell 18 to 400p, while losses of around 20 were seen in **British Land**, 220p, and **Slough Estates**, 209p. **Peachey** dipped 15 to 335p and ***Hammerson*** *A gave up 20 at 425p.*

A report that M & G would soon raise its management charges and that others would follow drew attention to fund management groups. *Most* went easier with the general trend, **M & G** losing 15 to 203p, **Britannia Arrow** falling 12 to 84p and **GT** reacting 8 to 145p. Several other miscellaneous Financials suffered sizeable reactions including **Abaco,** which ended *10 lower* at 42p. **British Gas**, on a turnover of over 7m shares, slipped 4½ more to 119p, still depressed by the Monopolies Commission reference. **BP** "old" lost 7 to 244p on turnover of 7.8m while the "*new*" settled 4½ lower at 73p with some 20m-plus shares going through the SEAQ system.

Lonrho bucked the trend because of its precious metal interests, particularly platinum, and the price settled 3 higher at 214p. Remaining Overseas Traders gave ground, **Inchcape** falling 19 to 556p.

The total number of traded option contracts was higher at 25,744 comprising 15,080 calls and 10,664 puts. The **FTSE** contract attracted 1,670 calls and 1,927 puts.

Traditional Options

● First dealings Nov 16● Last dealings Nov 27 ● Last declarations Feb 18● For Settlement Feb 29 *For rate indications see end of London Share Service*

FINANCIAL TIMES STOCK INDICES

	Nov. 30	Nov. 27	Nov. 26	Nov. 25	Nov. 24	Year Ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	90.28	89.95	89.80	89.80	90.45	81.13	93.32 (8/5)	83.73 (19/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.84	96.46	95.94	95.54	95.73	88.38	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1250.9	1308.2	1314.4	1316.6	1335.2	1272.5	1926.2 (16/7)	1232.0 (9/11)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	352.0	320.0	330.9	327.8	312.3	331.8	497.5 (4/8)	261.6 (6/11)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.95	4.73	4.72	4.71	4.64	4.47				
Earnings Yld. %(full)	12.23	11.70	11.68	11.64	11.47	10.38				
P/E Ratio (net)(*)	9.99	10.45	10.47	10.50	10.66	11.76				
SEAQ Bargains (5pm)	24,686	16,798	17,295	21,955	24,801	29,647				
Equity Turnover (£m)	-	597.91	783.79	946.77	935.23	896.35				
Equity Bargains	-	18,309	19,740	25,707	26,332	39,809				
Shares Traded (ml)	-	282.8	316.0	335.8	403.1	385.7				

S.E ACTIVITY

Indices	Nov.27	Nov.26
Gilt Edged Bargains	100.4	104.6
Equity Bargains	117.3	127.9
Equity Value	1208.5	1584.2
5-Day average		
Gilt Edged Bargains	116.4	128.3
Equity Bargains	152.1	167.6
Equity Value	1592.3	1715.9

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1270.8	1259.6	1262.6	1257.2	1251.1	1246.9	1248.1	1247.9

Day's High 1270.8 Day's low 1244.8

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * [illegible].

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (2).
BRITISH FUNDS (1) Treas. 2pc. I 1988, CORORATION LOANS (1) Liverpool 3½pc. Irred.

NEW LOWS (197).
AMERICANS (28) CANADIANS (2) BANKS (5) BREWERS (3) BUILDINGS (5) CHEMICALS (4) STORES (7) ELECTRICALS (18) ENGINEERING (7) FOODS (11) INDUSTRIALS (28) INSURANCE (3) LEISURE (10) MOTORS (2) PAPERS (8) PROPERTY (6) TEXTILES (1) TRUSTS (36) OILS (6) OVERSEAS TRADERS (3) MINES (2) THIRD MARKET (4).

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	1,900	Enterprise Oil	435	Prudential	420
Allied-Lyons	2,000	Fisons	874	Racal	2,200
Amstrad	1,700	Gen. Accident	520	Rank Org.	211
Argyll Group	3,900	Gen. Elect	3,200	RMC	127
Assoc. Brit. Foods	710	Glaxo	2,500	RHM	55
BAA	1,600	Globe Investment	1,800	Reckitt & Col.	220
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bunzl	2,600	Lonrho	1,800	Sun Alliance	94
Burmah Oil	155	Lucas	448	T & N	999
Burton	1,900	MEPC	2,700	TSB	1,100
Cable & Wire	4,250	Marks & Spencer	4,200	Tarmac	1,000
Cadbury Schwps	1,800	Maxwell Comms.	260	Tesco	1,700
Coats Viyella	2,700	Metal Box	2,200	Thorn EMI	776
Comm. Union	1,400	Midland Bank	2,300	Trafalgar House	531
Cons. Gold	1,700	NatWest Bank	2,400	T'house Forte	3,600
Cookson	77	Next	2,400	Ultramar	431
Courtaulds	1,400	Northern Foods	42	Unilever	442
Dalgety	284	Pearson	474	United Biscuits	554
Dee Corpn	1,500	Pearl Assurance	1,800	Wellcome	1,100
Dixons Group	2,550	P & O	404	Whitbread A	1,700
English China Clays	202	Pilkington Bros	1,700	Woolworth	3,200
		Plessey	4,300		

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	110	0	5
Corporations, Dominion and Foreign Bonds	27	2	24
Industrials	64	1,083	412
Financial and Properties	16	423	191
Oils	9	73	29
Plantations	0	1	13
Mines	105	31	62
Others	31	172	60
Totals	362	1,785	796

FT - ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

[illegible]

FIXED INTEREST

[illegible]

LONDON TRADED OPTIONS

[illegible]

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

JAPAN (Continued)

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (Continued)

[illegible]

HONG KONG

[illegible]

SINGAPORE

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

Closing prices November 30

[illegible]

Indices

NEW YORK

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

RISES AND FALLS

[illegible]

TORONTO

[illegible]

MONTREAL Portfolio

[illegible]

[illegible]

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Fst Intr Bk	6,144,500	41⅝	—	Gen Electric	1,044,800	43⅞	− 1⅝
Xerox	1,760,600	56	− ⅞	IBM	922,500	114¾	− 2¾
Texaco	1,366,000	33½	+ 2⅝	Exxon	883,700	39⅞	—
Homestake	1,066,600	19⅞	+ 2	Placer Dom	864,600	15⅝	+ 1½
Fla Prog	1,059,300	34⅞	—	American Express	838,400	23⅝	− ½

TOKYO — Most Active Stocks

Monday, November 30, 1987

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Nippon Steel	33.53m	428	− 9	Tokyo Rope	4.26m	732	− 7
Kawasaki Steel	25.80m	343	− 7	Japan Synth. Rubber	4.18m	760	−30
Sumitomo Chem	8.64m	838	−15	Hitachi	3.98m	1,168	−40
Mitsui Mining	5.02m	485	−10	Nippon Kokan	3.76m	327	−10
Kaito Mfg	4.47m	1,198	+50	Sumitomo Heavy Ind.	3.41m	396	− 4

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES:		
Cons Gold Fields	910	+ 67
MK Electric	657	+ 68
FALLS:		
Abaco	42	−10
BPB Inds	218	−19
Bass	780	−31
Blue Circle	302	−17
Brit Aerospace	283	−17
Bunzl	139	−17
Cable & Wireless	295	−10
Dixons	195	−12
Fisons	221	−18
GKN	252	−20
Glaxo	985	−53
Grand Met	375	−27
Hawker Siddeley	397	−29
Jaguar	270	−23
Land Securities	413	−27
Lloyds Bank	225	−23
MEPC	400	−18
NatWest Bank	518	−30
Reckitt & Colman	709	−44
Rothmans B	363	−25
Royal Insurance	358	−25
Tarmac	195	−20
Tate & Lyle	650	−51
VSEL	440	−20
Wellcome	373	−19
Woolworth	249	−19
Youghal Carpets	11	− 9

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 45

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅝	14¾	AAR s	.36	2.2	15	240	17½	15¾	16⅝	−⅞
32½	18¾	AFG s	.16	.7	8	605	24⅞	23	23¼	−1⅜
27	10½	AGS s			12	491	15⅝	14	14⅛	−1½
10½	6½	AMCA				12	6⅝	6⅝	6⅝	−⅛
9⅞	3¼	AM Intl			52	1954	5¾	4½	5¾	+⅞
65½	29½	AMR			9	6568	30⅛	d29⅝	30	−1
27½	24⅞	ANR pf	2.67	11.		2	25⅛	25⅛	25⅛	−⅛
25	19	ANR pf	2.12	10.		18	21⅛	20½	20½	−¼
12¼	6⅝	ARX s			7	570	7⅛	6⅞	7	−⅛
73½	35⅛	ASA	2a	3.9		3789	56¾	51⅝	51⅝	−3½
22⅝	9½	AVX			15	104	12¼	11¾	12	−⅞
67	40	AbtLab	1	2.3	16	6679	44⅞	42½	43⅝	−3½
28	15⅝	Abitibi g				81	17⅞	17⅝	17¾	
16¾	8½	AcmeC	.40	4.2	14	103	10	9⅝	9⅝	−⅜
10½	6⅞	AcmeE	.32b	4.5	25	1	7⅛	7⅛	7⅛	
20	14⅛	AdaEx	3.34e	22.		349	15⅝	15⅝	15⅝	−1
19½	7¾	AdmM s	.24	2.9	6	104	9⅛	8¼	8¼	−⅞
35	15⅛	AdvSys			16	2263	24⅞	24	24¼	−⅞
24⅞	9⅝	AMD				5384	9¼	d8¾	9¼	−⅛
56¾	30¼	AMD pf	3	10.		504	30⅜	d29½	29⅝	−¾
11⅞	4⅝	Adobe				321	5¼	4⅞	5⅛	−⅜
20½	15½	Adob pf	1.84	11.		4	17¼	17	17¼	
21⅞	17	Adob pf	2.40	12.		37	20⅛	20	20	
15	6⅛	Advest	.12a	1.5	6	416	8⅛	7¾	8	−½
68¼	45¾	AetnLf	2.76	6.2	6	3250	45½	d44½	44½	−1¼
83½	33¼	AflPb s	.32	.7	7	987	44¾	43	43¾	−1¼
26⅞	14⅛	Ahmans	.88	6.6	6	5915	13¾	d13⅝	13⅜	−⅞
5⅜	1¾	Aileen				70	2⅝	2¼	2⅜	+⅛
53⅞	29	AirPrd	1	3.0	12	1329	35½	33½	33¾	−1¾
36	11½	AirbFrt	.60	4.7	8	129	13	12⅝	12⅞	−½
16½	7⅝	Airgas n			13	68	9⅛	8¾	9	−⅛
19½	13½	AirleasL	2.11e	13.	9	57	16	15⅝	16	+¼
15-32	5-16	AlMoan			16	68	11-32	5-16	5-16	
10¾	7⅝	AlaP dpf	.87	9.7		67	9	8⅞	9	
106½	81½	AlaP pf	9	10		z150	90	90	90	
110½	102⅜	AlaP pf	11	11		z10	104	104	104	−1
108	86½	AlaP pf	9.44	10.		z100	94½	94½	94½	+⅞
27⅞	12¼	AlskAir	.16	1.1	19	699	14¾	14⅛	14⅜	−½
28¼	14¾	Alberto	.24	1.3	14	273	15⅝	18⅛	18⅜	−1⅛
24	12¾	AlbCul	.24	1.7	11	73	15⅛	14⅜	14⅜	−½
34	20¼	Albtsn s	.48	1.9	14	1461	24¾	24	24¾	−1¼
27⅞	18	Alcan s	.45i	1.9	12	6801	24½	23¼	23⅞	−1⅞
30	15¼	AlcoS s	.68	4.0	9	420	18⅛	16⅝	17	−1⅛
32	17⅛	AlexAlx	1	5.4	13	1109	19¼	18	18⅜	−1⅜
59	34¾	Alexdr			145	40	39¼	38⅞	39¼	−¾
92½	48½	AllegCp			5	77	69	65	65	−4¾
24¾	4½	Algint				1229	4¼	d3	3½	−1⅛
30⅛	7¼	Algin pr				42	7¾	d6¾	6¾	−1¼
88½	37¼	Algi pfC				6	37	d37	37	−2
34	15⅛	AlgLudn	.20e	1.0		316	20	19½	19½	−1¼

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Continued on Page 45

NYSE COMPOSITE CLOSING PRICES

Continued from Page 44

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
54	44	PaPL pf4.50		9.6		z440	47½	47	47	+1
104	76	PaPL pf8.60		9.9		z100	87	87	87	−1
101	78	PaPL pr8.40		10.		z60	83½	83½	83½	−⅞
107	100	PaPL pf9.24		8.9		z90	103½	103½	103½	−½
95¼	74	PaPL pr 8		9.8		z100	81½	81½	81½	−½
105	80	PaPL pr8.70		9.9		z220	88	88	88	+1
68¼	34¾	Pennwt 2.40		5.9	11	293	42	40½	40½	−2¼
30½	20½	Penw pr1.60		6.4		19	25	24	25	−¼
95	36½	Pennzoil2.20		2.9	57	2288	75	72⅞	75	+¼
28¾	14¼	PeopEn1.44		9.3	9	580	16⅛	15½	15½	−¾
18⅞	9½	PepBy s .08		.7	20	1074	12¼	11⅛	11¾	−⅝
42¼	25½	PepsiCo.58		2.2	14	7735	31⅞	30½	31	−1⅜
12¾	7⅜	PerkF 1.15e		12.	13	138	9⅜	9	9⅜	−⅜
41⅛	18½	PerkEl .60		2.9		1752	20⅝	19⅝	20⅝	
8⅞	5⅜	Prmian.53e		9.4	8	249	5⅞	5⅝	5⅝	−⅛
10¼	6¾	PrLP pr1.16		14.		447	8¼	8	8¼	+⅛
15⅞	5¼	PeryDr .22		3.6		171	6¼	6	6⅛	−¼
40	18	Petrie .70		4.0	13	660	18⅛	d17⅞	17⅝	−1¼
21¼	15½	PtPar n 2		12.	12	163	17	16½	16⅝	−⅜
33½	23⅛	PetRs 3.98e		17.		147	23⅞	23⅛	23¼	−1
19¾	15	PetRs pf1.57		10.		26	15¾	15⅝	15⅝	−¼
2⅞	1	Ptrlnv .16e		14.		72	1¼	1⅛	1⅛	
77	40	Pfizer 1.80		3.9	11	7490	46½	45¾	46⅛	−2⅜
58	20½	PhelpD .60		1.5	20	8543	42⅝	39	40	−4⅞
74	37	PhbpD pf 3		5.3		476	59⅞	55¼	56¼	−5¼
26	18¾	PhilaEl2.20		12.	9	2792	18¾	18	18⅝	−⅜
45½	34	PhE pfA3.80		8.5		z1070	44½	43	44½	+½
49	36½	PhE pfC4.40		10.		z10	42	42	42	
87⅛	63	PhE pfE 7		11.		z400	66½	65½	65½	
97⅞	69	PhE pfG8.75		11.		z600	79	78¾	78¾	
13¾	11	PhE pfR1.41		11.		75	12⅛	12⅛	12⅝	
15¼	9⅞	PhE pfP1.33		12.		13	11¾	11½	11½	+⅛
86⅜	65⅝	PhE pfK7.85		11.		z400	72¾	72¾	72¾	
12⅞	9¾	PhE pfO1.28		12.		49	11⅜	11	11⅛	

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
32¼	17¾	Wick pfA2.50		14.		74	19	18½	18½	−⅝
11⅝	4	Wilfred .12		3.0	67	x230	4⅜	d	3¾	4
26⅝	10	WillcG s .11		.9	10	248	12⅞	12⅛	12¾	−¼
37⅞	21	Willamt.40		6.5		x1147	22⅞	d19¾	21⅜	−1¾
8½	4½	WilshrO			40	64	5¼	5	5¼	−⅛
17¾	3¼	Winchl n1.05e		27.		281	4⅛	3⅞	3⅞	−¼
8	1½	Winjak .18e		6.7		28	2⅜	2¼	2⅜	
52	39½	WinDix1.86		4.8	14	412	39¼	d38⅝	38¾	−¾
15⅞	7	Winnbg .40		5.2	10	x315	8⅛	7⅝	7¾	−⅜
4	1⅜	Winner				31	1⅝	1½	1½	−¼
28⅞	21	WisEn s1.44		6.5	9	1393	22½	21½	22⅛	−⅝
28½	25¾	WisG pf2.55		9.4		2	27¼	27¼	27¼	
54¾	42½	WiscPL3.12		7.0	10	67	45	43¾	44½	−½
27½	18⅞	WisPS s1.54		7.6	10	283	20¼	20⅛	20¼	−¼
47⅜	26⅝	Witco 1.28		4.4	10	134	29⅛	28⅞	29	−⅛
16½	8¾	WolvTc .20		2.0	7	x159	10	9⅞	9⅞	−⅛
14	7½	WolvrW			56	384	9¾	9¼	9½	−⅜
59⅝	30⅛	Wlwth s1.32		4.1	9	5681	33⅝	31⅝	32⅛	−2⅛
9⅜	4	WrldCp				28	7½	7½	7½	−¼
19½	10¾	WrldVl				191	11¾	11⅛	11½	−⅜
64⅝	39	Wrigly s1.04a		1.8	18	262	60⅝	55¼	57½	−3½
37⅛	1⅜	Wurltzr				20	1⅜	1⅜	1⅜	
17½	7	WyleL s .28		2.7	22	179	10½	10⅛	10¼	−½
30⅝	14½	Wynns .60		3.3	14	183	19	18	18	−1⅜
		X Y Z								
85	50	Xerox 3		5.7	11	x3692	53⅞	51⅝	52⅞	−2⅜
58¼	52½	Xerox pf5.45		10.		x64	53½	53¼	53¼	+⅛
31½	18¾	XTRA .64		2.9	14	19	21⅞	21¾	21¾	−⅜
28¼	19½	XTRA pf1.94		9.6		16	20¼	20¼	20¼	
33⅞	18⅛	Yorkln			9	216	21⅝	20¾	21½	−⅝
7¼	2⅜	Zapata				1032	3¼	2¾	3¼	+¼
37	14⅝	Zayre .40		2.5	6	3289	16¼	15⅛	15¾	−1½
16⅞	9¼	Zemex .40		4.0	9	6	10⅛	10	10	−⅜
33⅝	10	ZenithE				1484	14¼	13¾	13¾	−⅞
13½	3	ZenLab				1144	3¾	3½	3¾	
28½	13½	ZenNtl .80		4.7	6	174	16⅞	16½	16⅞	−¼
20⅝	11⅜	Zero .36		2.8	18	136	12⅞	12⅝	12⅞	+⅛
30¾	15	Zurnin s .68		3.8	12	257	18	17¼	17⅞	−¾
10⅝	7⅝	Zweig .92e		11.		661	8½	8⅛	8⅛	−⅜

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 43

FINANCIAL TIMES

Financial Times Tuesday December 1 1987

AMERICA

Selling rout revives spectre of Black Monday

Wall Street

IN A selling rout ominously reminiscent of the stock market collapse of October, prices were slashed across the board yesterday morning as Wall Street returned to full-scale trading after the slow business of Thanksgiving week.

As traders returned to their desks after the four-day holiday period, they were confronted by an overnight collapse of the dollar in the Far East and Europe. Friday was also a bad day in the bond market, with fears of inflation intensifying once again. It took them only a few moments reflection to decide that a grim day lay ahead.

The Dow Jones industrial average fell 76.93 points to 1833.55 on relatively heavy volume of 268.8m shares. The blue chip index lost more than 50 points within the first half hour of trading and the losses continued to mount to almost 110 points by 2 pm with selling pressure coming from institutional investors and computerised arbitrage programmes alike. Both the Dow and the broader averages recovered in the late afternoon, but all were sharply down.

No major group of stocks was spared in the general carnage, as the number of falling shares exceeded gainers by a ratio of 8 to one.

IBM fell $3½ to $111⅞, Procter and Gamble declined $3¼ to $81⅞ and Merck retreated $5½ to $170. General Electric, which announced a modest share repurchase programme, held its decline to $1⅝, setting at $42½. The auto companies were also spared the worst of the punishment, with General Motors falling $2⅛ to $56⅞ and Ford down $2⅛ to $70⅞. High tech issues, on the other hand, did badly, with Digital Equipment down $6½ to $119.

Even the gold and natural resource stocks, which had been helping to support the market as concerns about inflation intensified, failed to prosper in the yesterday's general misery. Homestake fell $1⅝ to $18¾, while Newmont Gold fell $2⅛ to $37⅞. Newmont's parent company, Newmont Mining, fell $2⅛ to $38⅞. Phelps Dodge, the leading copper producer, plunged $4⅞ to $40, for a decline of more than 10 per cent.

Oil stocks too performed badly, with Exxon down $2⅝ to $36½ and Mobil down $1⅛ to $33⅞. Pennzoil did better, no doubt because of hopes in the market that it is near settlement of its longstanding dispute with Texaco. Pennzoil was down only $¼ at $75, although Texaco fell $1⅞ to $31⅞.

The market showed no mercy even to the heavy industrial companies which stand to gain the most from a devalued dollar, marking down Bethlehem Steel, for example, by $1⅞ to $12⅞, despite the company's announcement of big price increases for several key products. USX also fell, by $1⅛ to $28¾ while Caterpillar, another major beneficiary of the more competitive exchange rate, lost $3⅛ to $56⅞.

Chemical and forest product companies, whose earnings have leapt in response to the lower dollar, also showed big losses. Dow Chemical was down $2⅞ to $77⅞, while profit taking in International Paper sent the shares down $2⅛ to $36⅞.

Not surprisingly, among the suffering sectors were the brokerage companies, with Merrill Lynch down $2 at $20½ and Salomon Brothers down $⅞ at $17⅞. Paine Webber fell $2⅞ to $16¼, despite the announcement of a $300m capital injection from Japan's Yasuda Life and E.F. Hutton declined $⅞ to $27½, as the market awaited news of a pending takeover.

The bond market reacted calmly to the dollar's collapse and profited from the flight of capital from stocks. With no signs that the Federal Reserve Board intended to tighten monetary policy to defend the dollar, the Treasury's long bond rose ¹⁹⁄₃₂ to 97²¹⁄₃₂, a price at which it yielded 9.091 per cent.

Canada

HEAVY selling in response to the slide in the dollar and a sharply lower start on Wall Street took Toronto share prices into a steep early fall.

Banks figured among fallers, with Royal Bank of Canada losing C$¼ to C$27¼ and the Canadian Imperial Bank of Commerce down C$½ to C$19¾.

Golds shone, however, as the bullion neared US$500 in the morning before easing slightly. International Corona jumped C$2⅞ to C$61⅛, Haemo rose C$½ to C$20¼ and Placer Dome rose C$⅛ to C$20⅞.

Energy stocks fell with the broader market. Texaco Canada fell C$1⅛ to C$27, Imperial Oil lost C$1 to C$52¼, and Shell Canada fell C$⅞ to C$32½.

Among blue chips, Canadian Pacific declined C$⅞ to C$19, Seagram was down C$2⅞ at C$68½ and Northern Telecom slid C$1 to C$20½.

NTT price fall chills Japanese investors

A COLLECTIVE chill went through the Tokyo Stock Exchange yesterday as the share price of Nippon Telegraph and Telephone (NTT) slipped below Y2.55m - the price at which the Japanese Government sold the second tranche of NTT shares last month, *writes Carla Rapoport in Tokyo.*

Although share prices yesterday were generally weaker on thin volume, the fact that NTT closed at Y2.49m showed the first noticeable crack in Japan's armour since last month's crash in world equity markets.

Tokyo has consistently fallen less than other markets. Even after yesterday's close, the market was only 15 per cent off its peak, compared to much steeper drops in other leading markets.

Until now, however, it has largely been foreigners and short term funds which have been selling shares in Japan. The main brokers, fund managers and government officials have shrugged off suggestions that Tokyo is ripe for a big fall. Japanese investors are in for the long-term; furthermore, it is in no-one's interest to see the market collapse.

But yesterday's sellers of NTT could not, by definition, be foreigners, because foreigners have not been allowed to buy NTT shares. This raises the question of just who was selling.

Most buyers in the recent NTT sale were potential suppliers and customers of the telecommunications giant. They supposedly bought the shares at the enormously high price of Y2.55m each for strategic investment purposes. Strategic investments in Japan are not sold, at least not until yesterday.

Floor traders in Tokyo said yesterday's selling of NTT shares was mixed between institutions and individuals. If the sellers were among those who bought the shares last February, when the first tranche went on sale, they made money. NTT was launched earlier this year at Y1.19m, rose to a peak of Y3.18m in April and dropped to its low of the year of Y2.25m in July.

But if the sellers bought only last week and decided to unload, the message is gloomy. NTT still stands on a price/earnings ratio of more than 250, which even by the Tokyo market's inflated standards is impossible to justify in rational terms. Chauvinists say the p/e ratio is irrelevant in the case of NTT because, as Japan's largest company, it allows investors a chance to own part of Japan Inc. That argument breaks down, however, when enough investors decide to sell their NTT gold dust.

Nonetheless, leaders in Japan's financial community yesterday refused to admit publicly to any nervousness. Nomura, Japan's largest stockbroker and the one most often accused of managing the market through its huge dealing muscle, was upbeat. The company admitted to receiving calls about NTT's fall from London as early as 3pm Tokyo time (6am in London).

"We said that sometimes you win and sometimes you lose. We don't intervene or make shares go down," said a Nomura official yesterday.

Others pointed to the surprisingly small volume of shares traded yesterday, saying that the last day of the month is traditionally dull. Today, however, is the first day of the month, when money traditionally flows into the market.

If the Government and the big brokers can guide the market up or at least hold it steady, they will certainly keep trying. In two weeks, the Ministry of Finance sells its remaining shares in Japan Air Lines.

JAL's shares yesterday lost Y200 to close at Y17,000. If the shares fall much below Y15,000, the Government may have to call the sale off.

ASIA

Yen's progress leads Nikkei lower

Tokyo

DEPRESSED by the yen's record-breaking surge to a postwar high of 132.35 against the dollar, investors took to the sidelines in Tokyo yesterday and stock prices dropped, taking the Nikkei average below 23,000, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average tumbled 365.45 from last Saturday to close at 22,686.78 on a small volume of 271.24m shares, down sharply from last Friday's 706.10m shares. Declines swamped advances by 744 to 137, with 105 issues unchanged.

Since early last week, large securities companies had been actively buying large-capital issues in a bid to start a market recovery in December. Institutional investors, however, kept a low profile.

A lack of fresh incentives coupled with the dollar's slide on the Tokyo foreign exchange market dispirited investors further, sparking small-lot selling by individuals.

Among the poorest performers were large-capital and high-tech stocks, hurt by individual investors' light selling. Nippon Telegraph and Telephone (NTT) fell below its second tranche selling price of Y2.55m.

Large-capitals declined broadly. Nippon Steel topped the list of most active stocks with 33.53m shares traded and eased Y9 to Y428. Kawasaki Steel, second busiest with 25.80m shares, shed Y7 to Y343, and Nippon Kokan lost Y10 to Y327.

High-tech stocks lost ground as the yen climbed. Hitachi, Matsushita Electric Industrial and NEC Corp. plunged Y40 each to Y1,160, Y2,070 and Y1,880, while Sony Corp. skidded Y120 to Y4,700. These issues showed no signs of rebounding in late trading, despite buying by an investment trust.

Large-capital chemicals flagged almost across the board, with Sumitomo Chemical easing Y15 to Y830, Mitsui Toatsu Chemicals down Y11 to Y687 and Showa Denko losing Y14 to Y735.

Pharmaceuticals closed lower, with Takeda Chemical Y20 down at Y2,980.

The financial sector also declined broadly. Sumitomo Bank shed Y60 to Y3,390, Tokio Marine and Fire Insurance dropped Y30 to Y1,890 and Nomura Securities fell Y170 to Y3,220.

Against the sharply lower trend, a few speculative issues posted good gains, including Koito Manufacturing, which climbed Y50 to Y1,190.

Despite the upswing in the yen, bonds were little changed in thin trading.

The yield on the benchmark 5.1 per cent government bond due in June 1996 rose from last Saturday's close of 4.990 per cent to 5.050 per cent, while the 5.0 per cent bond, maturing in December 1997, dropped from 4.760 to 4.730 per cent.

On the Osaka Securities Exchange (OSE), the OSE stock average plunged 305.09 to 22,977.89 in tandem with a cash market slump. Turnover dipped to 34.84m shares, down 84.28m from last Friday.

Matsushita-Kotobuki Electronics shed Y90 to Y1,810, while Izumiya rallied Y100 to Y2,150 on bargain hunting.

Australia

THE FIRMER bullion price lifted gold stocks and other mining shares, offsetting declines in industrials.

A spate of late profit-taking pulled golds off their day's highs but the All Ordinaries index advanced 6.8 to 1,328.7 in moderate trade.

Metana climbed 80 cents to A$10.40 after peaking at A$11.50, Nuigini Mining added 70 cents to A$7.30 and Sons of Gwalia was up 50 cents at A$9.

Elsewhere, News Corp was off 20 cents at A$10.50, BHP shed 18 cents to A$7.02, while rumoured suitor Elders IXL gained 10 cents to A$3.25.

Hong Kong

TAKING A lead from Tokyo, share prices in Hong Kong moved lower throughout the day, after a weak start. The Hang Seng index fell 55.79 to 2,138.39 in light trading.

Blue chips were hit by worries over export earnings as the dollar went into free-fall.

Among properties, Cheung Kong lost 25 cents to HK$6.55, Hong Kong Land fell 45 cents to HK$7.20, New World Development dropped 40 cents to HK$6.90 and Sun Hung Kai Properties fell 45 cents to HK$8.30.

In banks, Hang Seng Bank fell 70 cents to HK$26.50, Hong Kong Shanghai Bank lost 5 cents to HK$6.85 and Bank of East Asia dropped 30 cents to HK$17.80.

Elsewhere, Jardine Matheson fell 40 cents to HK$9.80, Hutchison Whampoa lost 25 cents to HK$6.85 and Swire Pacific A was down 40 cents to HK$13.20.

Singapore

POOR performances by other Asian bourses set the trend for a depressed, quiet day in Singapore. Foreigners continued their sell-off, pushing blue chips lower.

The Straits Times index lost 14.84 to 800.01 with a further decline averted by Malaysian institutions purchasing larger Malaysian issues.

Malayan Banking added 4 cents to S$4.24, Harrisons rose 9 cents to S$3.06 and Malaysian Mining Corp climbed 4 cents to S$1.36.

Banks and industrials were sharply lower.

Wellington dives unrelentingly

NEW ZEALAND's share market had risen over the last 10 years to outperform almost every other stock exchange, *writes Dai Hayward in Wellington.* Since the October stock market crash it has continued to outperform most of the world, but downwards.

The 45 per cent fall in Wellington prices since October is far more severe than London, New York or Tokyo and the market shows few signs of recovery.

Short rallies in mid-November and again last week gave hope the market had at last bottomed out, but these soon lost steam and the Barclays index continues to fall.

The index closed yesterday more than 45 points lower than Friday's close at 2,168.39. This is only some 22 above the year's low of 2,146 and well below the peak of 3,968 reached in September. Many brokers were then confidently predicting the index would break through 4,000.

The market has failed to steady even despite some bargain-hunting and efforts to talk up the market, with figures such as Sir Ron Trotter, of Fletcher Challenge, and Mr Ron Brierley, head of Brierley Investments, stressing how there are some good buys available.

New Zealand investors are ignoring encouraging trends overseas and good economic news at home and refusing to be tempted back into the market, much as before the crash they ignored warning signs and adverse domestic economic results to continue a share buying spree.

One reason is that thousands of private investors are still stunned by the events of October 20, which baptised many in the realities of share markets.

Between January 1 1980 and September this year, the Barclays index rose some 1,000 per cent. Some of the more popular shares, such as Brierly Investments rose in value by 7,000 per cent during the period.

For thousands of private investors, notably among the yuppie sector, the stock market became a betting shop - but one in which every bet was a winner.

The crash wiped NZ$5.46bn ($3.43bn) off Wellington share values. Leading broker Francis Allison Symes estimated that between September 1 and November 7 the falling market carved NZ$15bn from the nation's wealth.

Compounding investors' reluctance to return to the market have been much publicised problems of companies such as Judge, the Renouf Group and some smaller local firms such as Anzon.

On Friday Judge shares traded at 12 cents - 17 cents down over the week. In 1986 the adjusted price for those shares was well above NZ$7 cents.

The lack of market activity is reflected in the contraction of smaller brokers. One has closed down a large branch and dismissed 30 staff and others have also laid off staff.

Trading volumes on the exchange are only half of last month's figure and less than a third of levels during the busiest period of the boom.

Much of the private cash which went formerly into stocks is now going into fixed interest investments. Domestic interest rates are still high, with safe, solid term investments earning 19 or 20 per cent. Five year government stock offers 15 to 16 per cent.

EUROPE

Exporters lose heart as dollar hits post-war lows

DOLLAR WOES returned to Europe yesterday. The US currency went into free-fall on foreign exchange markets, dropping to post-war lows and dragging blue chips broadly lower in its wake, but selling was restrained and turnover remained light.

FRANKFURT managed to end off its day's lows as very selective bargain-hunting provided the only respite in an otherwise depressed session.

The dollar's fall hit exporters and took all sectors lower. The Bundesbank bought $44.9m in late afternoon trading, the first open market support since November 10.

The Boersen-Zeitung 30-share index fell 7.99 or 2.8 per cent to 275.01 and the midsession Commerzbank lost 37.0 or 2.72 per cent to 1,322.6.

Cars were heavy losers as Daimler lost DM28 to DM623 and BMW shed DM22 to DM415.

The Bundesbank sold DM108.6m of paper after selling DM127.7m on Friday.

AMSTERDAM plunged 6 per cent in very thin trading following the dollar's decline and Wall Street's early dive.

The broad CBS tendency index dropped 4.0, or 6.1 per cent, to 61.8 and the weighted ANP-CBS index was down 3.4 per cent at 206.0 but, calculated at midsession, it did not reflect a late decline, notably in blue chips.

ZURICH was hit by the dollar's fall which triggered an orderly sell-off. Declines were widespread and the Credit Suisse index lost 13.9 to 430.9.

Industrials, engineerings and chemicals saw heavy losses while falls in banks, insurers and foods were more moderate.

PARIS extended its losses after Wall Street opended sharply lower, halting a spree of bargain-hunting. The CAC index shed 2.6 to 293.9 but did not reflect the late decline.

Leading blue chips ended down but slightly off their lows. Cie du Midi was FFr12 lower at FFr910 and Paribas closed FFr8 down at FFr311.50.

BRUSSELS fell in tandem with other European bourses and the dollar. The Brussels cash market index dropped 66.04 to 3,736.51 as prices declined over a broad front.

In holdings Tractebel closed BFr360 lower at BFr5,060 and among other leading shares, Petrofina ended BFr240 lower at BFr9,010.

STOCKHOLM declined steadily throughout the day with export-led blue chips falling by SKr10 or more after the dollar fell.

Saab fell SKr15 to SKr145, Stora lost SKr11 to SKr269 and Volvo was down SKr19 at SKr266.

London

THE renewed slide in the dollar, prompting worries that Washington may have elected to allow it to continue falling, knocked the wind out of UK stocks, *writes Terry Byland in London.*

With Tokyo sharply down before London opened, equities plunged by about 4.3 per cent in a setback not seen since the immediate aftermath of Black Monday.

The FT-SE 100 index collapsed below 1,600, which has been seen as a support level and, despite a final rally, ended with a loss of 71.7 at 1,579.9.

Sterling's rise against the dollar sent a chill through Britain's exporters and sent some investors running to Government bonds.

SOUTH AFRICA

BULLION's overnight strength on the dollar's fall pushed Johannesburg gold shares steeply higher in active buying.

Quality golds found greatest support as Vaal Reefs leapt R50 to R385 and Kloof put on R6 to R44.50. Anglo American led mining houses higher with a R6 gain to R64.50.

In platinums, Impala made up R3 to R35, while diamond stock De Beers added R2.25 to R31.50.

Barlow Rand added R1.50 to R21.50.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY NOVEMBER 30 1987					FRIDAY NOVEMBER 27 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (89)	101.90	+1.7	82.74	95.87	4.20	100.15	82.04	95.87	180.81	85.80	93.36
Austria (16)	94.72	+1.9	76.91	80.49	2.55	92.98	76.16	80.12	102.87	85.53	96.59
Belgium (48)	101.19	-0.7	82.16	85.85	5.47	101.90	83.47	87.58	134.89	96.19	97.03
Canada (127)	102.89	-3.4	83.54	97.42	3.18	106.52	87.25	100.96	141.78	98.15	99.64
Denmark (38)	113.95	+0.5	92.52	98.14	2.99	113.39	92.88	98.55	124.83	98.18	98.14
France (120)	85.55	-1.7	69.46	74.89	3.64	87.05	71.30	76.81	121.82	77.39	100.77
West Germany (93)	75.77	-1.9	61.52	64.60	2.93	77.27	63.29	66.44	104.93	68.91	99.23
Hong Kong (46)	83.08	-2.7	67.45	82.85	5.92	85.35	69.91	85.03	158.68	75.82	95.79
Ireland (14)	100.05	-3.6	81.24	87.05	5.15	103.81	85.03	91.36	160.22	96.20	94.27
Italy (94)	81.38	-0.4	66.07	73.66	2.58	81.67	66.89	74.41	112.11	72.04	97.41
Japan (457)	139.26	-1.8	113.07	116.60	0.59	141.77	116.12	119.77	161.28	100.00	94.23
Malaysia (36)	102.54	-0.6	83.26	98.14	3.70	103.11	84.46	98.93	193.64	98.24	99.02
Mexico (14)	115.44	-6.2	93.73	297.23	1.11	123.10	100.83	287.68	422.59	99.72	93.70
Netherland (37)	92.63	-4.2	75.21	78.01	5.72	96.72	79.22	82.13	131.41	87.70	99.22
New Zealand (20)	81.35	-0.2	66.05	66.62	4.96	81.54	66.79	68.03	138.99	75.99	91.97
Norway (24)	101.60	-3.8	82.49	88.08	3.08	105.58	86.48	92.15	185.01	96.03	103.83
Singapore (27)	94.91	-2.0	77.06	88.35	2.69	96.83	79.31	90.69	174.28	90.19	98.21
South Africa (61)	145.90	+8.0	118.46	96.66	4.38	135.15	110.71	90.98	198.09	100.00	104.72
Spain (43)	124.38	+1.8	100.99	103.98	3.90	122.21	100.10	103.41	168.81	100.00	92.53
Sweden (34)	94.52	-4.3	76.74	83.25	2.72	98.79	80.92	87.97	136.64	88.50	98.34
Switzerland (53)	80.70	-2.6	65.52	67.29	2.44	82.85	67.86	69.72	111.11	73.65	98.16
United Kingdom (332)	117.72	-3.4	95.58	95.58	4.78	121.84	99.80	99.80	162.87	99.65	94.20
USA (582)	94.01	-4.1	76.33	94.01	3.92	98.05	80.32	98.05	137.42	92.83	103.14
Europe (946)	97.79	-2.5	79.40	81.98	4.07	100.25	82.11	84.79	130.02	92.25	96.90
Pacific Basin (675)	135.72	-1.7	110.19	114.56	0.80	138.03	113.06	117.58	158.77	100.00	94.25
Euro-Pacific (1621)	120.58	-1.9	97.90	101.56	1.87	122.95	100.71	104.50	143.65	100.00	95.29
North America (709)	94.48	-4.1	76.71	94.22	3.87	98.50	80.68	98.24	137.55	93.20	102.96
Europe Ex. UK (614)	85.42	-1.6	69.36	73.57	3.46	86.85	71.14	75.47	111.97	78.89	98.59
Pacific Ex. Japan (218)	92.90	+0.0	75.43	88.12	4.69	92.95	76.14	89.12	164.03	83.17	94.46
World Ex. US (1823)	120.23	-1.9	97.62	101.54	1.94	122.52	100.35	104.38	143.38	100.00	95.54
World Ex. UK (2073)	109.34	-2.5	88.78	99.38	2.35	112.19	91.90	102.54	138.82	100.00	98.93
World Ex. So. Af. (2344)	109.84	-2.7	89.18	98.95	2.57	112.89	92.47	102.30	139.47	100.00	98.46
World Ex. Japan (1948)	96.10	-3.2	78.02	89.94	3.98	99.28	81.32	93.27	134.22	95.64	100.55
The World Index (2405)	110.07	-2.6	89.37	98.97	2.59	113.04	92.59	102.24	139.73	100.00	98.50

Base values: Dec 31, 1986 = 100

The Australian index is subject to revision. The definitive figures will be available shortly from F.T. Prices Ltd.

Latest Danish prices were not fully updated November 30.